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Friday May 24 1985

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World news

sday May 23 la

Portugal and China suffers to discuss Macao in profits

The Portuguese and Chinese govermoents agreed to hold formal talks on the handover of the administration of Macao, the small Portuguese-administered territory off southern China.

Agreement was reached in Peking with the visiting Portuguese President, Antonio Ramalho Eanes. who said it was inevitable that Macao's administration would be transferred to China.

President Eanes would not give a date for the start of formal talks. He confirmed that the Macao issue had not been on the agenda for his trip and that China had raised the matter. Page 26

Shultz warns

U.S. Secretary of State George Shultz said that failure by Congress to approve aid for Nicaraguan rebels would hasten the day for an agonising decision on whether to send U.S. combat troops to Nicaragua.

Gandhi reaffirms ties

Indian Prime Minister Rajiv Gandhi reaffirmed close ties with the Soviet Union after two days of talks at the Kremlin, and criticised a wide range of U.S. policies.

Egypt foils plot

Egypt said it had foiled a plot in which a Libyan agent linked to a Syrian-based terrorist group was to blow up the U.S. emhassy.

Canada budget cuts

Canada's Finance Minister Michael Wilson announced tax increases and spending cuts designed to narrow the Government's budget deficit to C\$33.8bn (\$24.62bn) in fiscal 1986 from C\$35.8bn in fiscal 1985.

Solidarity trial

Three leaders of Poland's banned Solidarity labour movement went on trial in Gdansk accused of illegal union activities and fomenting unrest. It is the largest opposition case since a general political amnesty last July. Page 2

Argentine strike

Trade unions and opposition parties in Argentina staged a one-day gen-eral strike and mass rally against austerity measures pledged by the country's Government.

Martial law threat Sri Lanka's President Junius Jaye-

wardene said he would declare martial law if necessary to restore peace to the country.

300 Nepalese held

About 300 people were arrested in Nepal during protests against the political system under which parties are banned.

Court order

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WARES AND SERVE

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ESTADO"

1.6

A Spanish court ordered one of the country's top anti-guerrilla police-ment, to be suspended from service for three years for refusing to co-operate over a 1980 shooting in France. Commissioner Manuel Ballesteros refused to identify three men who crashed through the border into Spain after two people were killed in a Hendaye bar.

Farmers protest

Thousands of Swedish farmers marched through Stockholm's business district to protest against cuts in agricultural subsidies and high taxes on food.

Death lottery protest

Control of the contro Prisoners in Brazil's Roubes e Furtos jail protested against poor conditions by putting their names into a bat, drawing one out and beating the man to death. They threatened to have another lottery unless their demands were met.

Bone of contention

Taminari Januari Jani Janua Januari Januari Januari Januari Januari Januari Januari Ja A Milan court hearing a claim by an estranged couple awarded custody of their pet dog to the wife, with vis-iting rights for the husband.

Plessey sharp fall

Business summary

PLESSEY, the UK telecommunications and electronics group, suf-fered a £12.48m drop in profits to £163.66m (\$206m) in the year to March because of a sharp fall in military sales to the Middle East and losses at Stromberg-Carlson, its U.S. subsidiary. The group's shares plunged 26p

to 148p, a new low for the year. Lex, Page 20; Details, Page 27 WALL STREET: The Dow Jones industrial average closed down 7.05 at

1,296.71.Section III DOLLAR closed in New York at DM 3.072, SwFr 2.582, FFr 9.37 and Y251.25. It was lower in London closing at DM 3.0750 (DM 3.1020); SwFr 2.5845 (SwFr 2.5865). It was higher at FFr 9.4125 (FFr 9.3850) and Y251.2 (Y250.65). On Bank of England figures, the dollar's index

finished at 146.1 from 145.2. Page 43 STERLING closed in New York at \$1.2683. It fell against the dollar in London to \$1.2625 (\$1.2640). It also fell to DM 3.88 (DM 3.8950); SwFr 3.28 (SwFr 3.2750); FFr 11.8425 (FFr 11.8850) and Y316.50 (Y317.0). The pound's exchange rate index fell to 78.9 from 79.3. Page 43

GOLD: In New York the Comex June settlement was \$316.10. On the London bullion market it fell \$7 to close at \$315.75. It also fell in Zurich to \$315.50 from \$316.75. Page 42 LONDON rose on takeover bids, but later eased after falls in electricals. Gilts were mostly unchanged. The FT Ordinary share index was 10.7 easier at 1,010.2. Section III

TOKYO shares came under profittaking pressure. The Nikkei-Dow market average lost 24.44 to 12,649.13. Section III

U.S. MONEY SUPPLY: M1 rose \$100m to a seasonally-adjusted \$577.8bn in the week ended May 13. U.S. TREASURY is tapping the Eurobond market for \$150 with an offer aimed specifically at interna-

tional investors. Page 21 EEC BUDGET ministers agreed to increase spending in 1985 by some Ecu 400m (\$292m) to allow for increased food aid and spending on

regional and social programmes. ITALY will have to raise an extra

Giovanni Goria, the Treasury Minister. Page 3 TORONTO-DOMINION, first of the it would be welcome if British com-ners. big six Canadian chartered banks to report its profits for the second

quarter, lifted earnings to C\$107.4m (U.S.\$78.5m) from C\$88.8m a year earlier. SVENSKA VARV, state-owned Swedish shipbuilding group, plunged to a loss of SKr 1.03bn

(\$116m) and faces further restructuring which could spell the end of the country's merchant shipbuilding industry. Page 20

DALGETY, UK-based international agricultural trading group, launched a £120m (\$152m) agreed offer for Gill & Duffus, the commodity broker.

SING TAO, the Hong Kong newspaper group owned by Miss Sally Aw, is to switch its base to Australia through a takeover by Cereus, a quoted Australian corporate shell of which she owns 75 per cent. Page 22

VOEST-ALPINE, the Austrian state-owned steel, engineering and electronics group, signed a joint venture deal worth \$285m with Oki Electric of Japan to produce integrated circuits in Austria.

ELECTROLUX, Swedish electrical group, lifted first-quarter profits by 7.7 per cent to SKr 601m (\$67.6m) but complained of higher than expected losses at Zanussi, the Italian company it took over last year.

The Financial Times will not be published on Monday because of a British public holiday. Tomorrow's edition will be published as usual

Eureka and SDI compatible says star wars chief

BY ROBERT MAUTHNER IN LONDON

EUROPEAN plans for co-operation on the development of new technologies are in no way incompatible with Washington's Strategic Defence Initiative research programme, Lt-Gen James Abraham son, the director of SDI, said yester-

Lt-Gen Abrahamson, who was speaking in a television satellite press conference linking Washington with several European capitals, said that he did not see the Frenchinspired Eureka programme "as a blow to the U.S. at all."

The Eureka programme, which is aimed at narrowing the gap between the U.S. and Europe in areas such as laser, particle beam artifi-cial intelligence and computer research, was given a boost earlier this week when Britain and France agreed to back the setting up of a high-level group of experts to develop ideas on joint projects.

The French have said that Eureka would be essentially a civilian research programme, but it is clear that it could have military applications as well.

Countering suggestions that Eu-reka could be seen as competition to the SDI research programme, in which other Western countries have been asked to participate by the

saw it rather as an attempt "to tie the Western allies together."
It would enable them to move for-

ward together in developing new both their economies and ability to defend themselves.

Lt-Gen Abrahamson went out of his way to set at rest those European governments and companies who feared that participation in the SDI research programme would reduce them to the status of "sub-con-

The U.S. did not have a corner of the market in terms of brilliant people and teams able to move technology forward, he said. "The Europeans can do that just as well as we can." he said.

The objective of the SDI programme was to get the best people together from all the participating countries, not for the U.S. to dominate the research programme, which would consist of "a large number of very small, very specific contracts." There were already some 800 contracts of this kind in the U.S.

Each contract would be aimed at "moving forward an area of technology in a very dramatic way."

"We will probably establish direct contracts with certain facilities and certain teams in Europe," Lt-Gen Abrahamson said, adding that there would also be a system of "a sociate contract relationships," be-tween U.S. and European contractors. He did not explain the nature of such associate contracts.

No entrance fee would be charged for countries or companies wishing to participate in the programme, although they would be welcome to make a financial invest ment in them if they so desired. Nor was there any intention of establishing "a percentage plan," under which participants' share of the research would be in direct proportion to the amount of money they

Reuter adds from Washington The space shuttle Discovery will be used in the first of a series of star wars missile defence experiments. the U.S. Defence Department said

A ground laser beam shot from a test facility on the island of Maui, Hawaii, will be aimed at an eightinch (203mm) reflector attached to Discovery while it circles the earth in low orbit. The voyage is scheduled for mid-June.

The experiment will test the ability of a ground laser to track an object in low orbit accurately, the Pen-

Senate backs funds for Nato

Thatcher seeks Bosporus subcontracts for UK

BY PETER RIDDELL IN LONDON AND JUREK MARTIN IN TOKYO

MRS MARGARET Thatcher, Brit- British Ambassador in Tokyo. The resterated the British view that Japarts asking that UK companies be given some of the subcontract work on the £450m (\$571.5m) Bosporus bridge project.
Mrs Thatcher's letter to Mr Yasu-

lished, but it is understood that she seeks to put to rest past disagree-L10,000bn (\$5bn) in revenue if this ments over the extent of the Japa-weeks ago to a Japanese-dominated nese Government's subsidy for the consortium which also involved tor borrowing requirement of contract and to emphasise instead Italian and Turkish concerns. L100,000bn is to be met, said Sig the desirability of more joint ventures.

panies could be involved as subcon-tractors on building the bridge and Thatcher's letter was "calmer" in the associated roads. Her letter to tone than the sharp attack on Japa-Mr Turgut Ozal, the Turkish Prime Minister, was in a similar vein.

negotiation, though it emphasised that this was a matter for the companies concerned and not for goveroments. The leading UK compa-Mrs Thatcher's letter to Mr Yasu-hiro Nakasone has not been pub-Cleveland Bridge, a subsidiary of Trafalgar House. The contract was awarded two

the runner-up consortium whose In particular, Mrs Thatcher said bid was \$126m higher than the win-

It was said in Tokyo that Mrs nese practices delivered on Tuesday evening by Mr Norman Tebbit, The letter was delivered to the Britain's Secretary for Trade and Japanese Foreign Ministry on Industry.

Tuesday by Sir Sidney Giffard, the Mrs Thatcher's letter, however,

ain's Prime Minister, has written to ministry had earlier confirmed that pan was hardly living up to its her Japanese and Turkish counter the subcontracts were still duder promises to reduce frade friction and its large surpluses by providing nance in which the prime beneficiary was the Japanese construction industry.

The Foreign Ministry in Tokyo maintains that the UK is suffering from "misunderstanding" about the wav nated consortium won the Bosporus Anglo-Japanese relations have

been generally free of tension since British criticism of the Japanese refusal to take sides in the Falklands war in 1982. The UK has become the favourite European location for Japanese corporate investment and Mrs Thatcher and Mr Nakasone are said to get along well.

Trade and aid wrangle; Japan and Gatt, Page 5

Peugeot to launch new car

BY PAUL BETTS IN PARIS

PEUGEOT, the French car-group the new car a Peugeot did not mean embracing the Peugeot, Talbot, and the death of the Talbot marque. Citroën marques, announced yes-

The new car, which will replace the group's existing Talbot Horizon, will be produced and sold in France under the Peugeot marque. Al-though originally conceived as a Talbot model, the group has de-cided to capitalise on the strong marketing image of Peugeot's suc-cessful 205 supermini by calling the new car a Peugeot.

Moreover, the Talbot marque has suffered a major image and mar-keting problem in France following the labour unrest at the Peugeot-Talbot manufacturing plant of Poissy, outside Paris, 18 months ago. Both M Jacques Calvet, chairman

of the Paugeot group, and M Jean

Boillot, president of the group's Au-tomobiles Peugeot division, claimed

yesterday that the decision to call

The two executives claimed interday the launch of a new medium- stead that the move finally marked sized car with production starting the successful integration of the in France this summer and in the UK in the autumn. merger of Chrysler's former European assets with the French group

five years ago. The new car would be unveiled in the autumn, M Boillot said. However, production at Poissy where the group has invested FFr 1.2bn (\$128m), will start this summer.

sized 305. It will be produced at announced by Talbot Motors, the UK subsidiary, later this year. Poissy at a rate of 1,000 cars a day, aithough output could be increased if demand for the new car rose.

Production of the person car at many car in the UK and the later than th

Production of the new car at Talbot Motors plant in Ryton, near Coventry, would start in the au-

vested between £15m to £18m

(\$18.96m to \$22.75m) at its UK plant to produce the new car. M Boillot indicated that produc-

tion at Ryton would begin at a rate of 750 cars a week to rise to 1,000 cars a week. Peugeot also plans to export some of its UK production to other right-hand drive markets like Singapore, Thailand, Australia, New Zealand and South Africa. The exports could involve UK assembled cars or eventually kits, M Boillot said. While deciding on the marque of

The new car will fill the gap in the current Peugeot range between the 295 supermin and the manage of the car produced in Percent.

Spain, where it also has Talbot manufacturing operations, while tumn with the formal launch of the car expected before the end of this year, M Boillot said. Peugeot has in-

Continued on Page 20

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South America: the arithme- Lombard: why India needs

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York to buy 60% of Gulf Canada

By Robert Gibbens in Montreal

OLYMPIA & YORK Developments, the property and resources group controlled by the Reichsmann family of Toronto, is to buy majority control of Gulf Canada from Chevron in a two-step deal worth more than CS3bn (\$2.2bn).

Chevron, the U.S. oil group. acquired a 60 per cent interest in Gulf Canada when it bought the parent, Gulf Oil, for \$13.3bn more than a year ago. It agreed with the Ottawa Government to sell the Canadian interest as soon as possi-

Olympia & York is believed to have been the only serious conten-der to meet Wednesday's deadline for offers.

Olympia is closely held by the Reichmanns but owns several pub-lic companies including Abitibi Price, the newsprint group. It will buy 112m Gulf Canada shares, 49.24 per cent of the total outstanding, at C\$22.21 each. This will bring Chevron about CS2.5bn.

This deal is due to be completed by July 16 and is subject to regulatory approval.

Olympia will also auction another 5m Gulf Canada shares held by Chevron exercisable up to December 31 at a total price of C\$21.75 a share, for a total value of around C\$525m to Chevron.

Chevron has agreed with Ottawa

to take payment in a manner that will minimise the impact on the exchange rate between the U.S. and Canadian dollars. Olympia will finish up with 60.02

per cent of Gulf Canada for a total of just over C\$3bn. The remaining shares will stay in

the hands of the public, mainly in Canada. Olympia will not extend a similar offer to the balance of Gulf Chevron said the deal met the Ot-

tawa Government's objective of greater Canadian control of the domestic oil and gas industry. Pro-ceeds of the stock sale will be used by Chevron to reduce debt incurred last year in the purchase of Gulf. Originally three groups were in-terested in Gulf Canada. The C\$3bn

price tag is in line with industry estimates of its value, and Gulf Canada stock was trading just below \$20 in the market on Wednesday. Texaco Canada, Imperial Oil and others were interested in some

parts of Gulf Canada, but Chevron insisted on selling the whole compa-Gulf Canada shares closed down 50 cents at \$13% on the New York

Olympia & North Sea oil licences go to independents

ority to Britain's independent oil Tony Craven-Walker, managing dicompanies in its allocation of the rector, said yesterday. The Governatest round of offshore oil and gas

larly successful in the proven areas of the North Sea, while the major international groups appear to have been directed into the deep-water frontier areas, which are expensive to drill but have the prospects for

its North Sea portfolio to escape from its debt crises in the 1970s, was awarded 15 blocks, many as op-erator. Only Britoil, the privatised former exploration and production arm of the British National Oil Corporation, was more successful, with 18 blocks.

Mr Tom King, Burmah's explore tion director, said yesterday: "This is Burmab's round. We haven't done so well since the first round 20 years ago and we are absolutely de-

The Burmah success was characteristic of a round in which other wholly British independent companies did very well. Enterprise Oil, the privatised former unit of British Gas, picked up seven blocks in its of the 33 deepwater frontier blocks

Charterhouse Petroleum, another UK oil company, said yesterday that it had got a very high percent-

THE UK Government has given pri- age of the blocks it wanted. Mr

UK independents were particu- very well. Now we have to find something." British awarded a single block in the North Sea but it got a 50 per cent stake in the ninth round's most sought after block, 98/6 offshore Dorset, southcorrespondingly large discoveries.

Among the independents, Burcontains about 40m barrels of low mah Oil, which had sold off much of cost oil as an offshore extension of

ment has certainly supported the

independent British companies

the onshore Wytch Farm oilfield. Shell and Esso managed only three North Sea blocks between them, although all are thought to be highly promising. They were also awarded a highly sought-after block immediately to the north of the Morecambe Bay gas field, off northwest England. This had been expected to go to British Gas, which is developing the field. But British Gas did very poorly in the round generally, receiving only two awards out of 29 applications.

Although the Government passed up this opportunity to make British Gas more attractive before selling it to the private sector next year, it favoured Britoil, which featured in 14 first licensing round. It will operate awarded. The Government is to disoffshore for the first time. pose of its remaining 49 per cent stake in Britoil later this year.

Details and map, Page 6; Spot prices, Page 42

Congress set for battle over U.S. budget cuts

BY STEWART FLEMING IN WASHINGTON

THE LINES were drawn for a threat to national security. fierce battle over the future of the U.S. defence budget yesterday when the House of Representatives voted along party lines to approve a budget resolution which would cut \$56bn from the projected 1986 federal budget deficit of \$229ba.

The House budget package in-

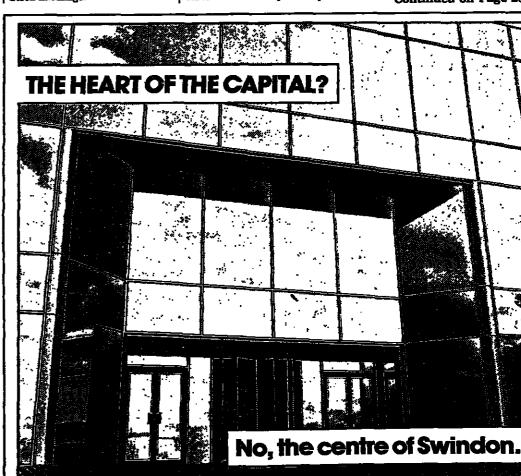
cludes a proposal to hold defence spending authorisations at the this year. same level they reached in the curing spending to rise at the rate of budget resolution proposes.

The assault which House Demo- the period 1786-1990 crats have launched against the Republican Reagan Administration's ing the Senate will, projected buddefence budget has already drawn get cuts of \$259bn off the deficit violent criticism from Administration officials who have warned that budget resolution differs sharply curbs on the military build-up are a

The passage of a budget resolu-tion in the House represents another important step forward in .Congressional efforts to cut the huge U.S. budget deficit. Only a few weeks ago many experts on Capitol Hill were openly sceptical about the chances of Congress approving

major cuts in government spending Two weeks ago the U.S. Senate in rent fiscal year, rather than allow- a dramatic 50-49 vote approved a budget resolution which would trim on off the 1986 f deficit next year and \$300bn over

The House came close to matchover three years. But the House Continued on Page 20



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Swindon will make you think again. Get the Fact File. Contact: Douglas Smith, Industrial Adviser, Civic Offices, Swindon. Tel (0793) 26161 or telex 444449.

THE TRIAL of three top Soli- tense atmosphere which was underground in Gdansk until series of protests against food ing the country's jails of poli- opposition still exists, and there on July 1, will make is easier darity leaders began here yes-full of conflicts," one of the his arrest last summer and his price rises earlier this year. Mr tical offenders, neutralising the is every sign that arrests will to try to sentence political terday under strict security jawyers said, as the defence subsequent release late last Frasyniuk later took part in a underground opposition and continue. conditions. Only close family attempted to exact full rights members of the accused were for the three accused, who have admitted to the court.

As the proceedings began the allowed a private hearing with eight defence lawyers clashed their lawyers.

As the proceedings began the allowed a private hearing with arrested in the autumn of 1982. admitted to the court,

with the judges over a demand that more people be admitted Mr Wladyslaw Frasyniuk and Michnik is a dissenting intel-to the court. Seven family Mr Adam Michnik. They are lectual from Warsaw who is an members have been admitted. accused of trying to provoke established political writer who the remaining 50 or so seats unrest and belonging to an are filled with what appear to illegal organisation.

On trial are Mr Bogdan Lis,

year. Mr Frasyniuk comes from arrested in the autumn of 1982. He was amnestied last July. Mr Michnik is a dissenting intel-lectual from Warsaw who is an

Frasyniuk later took part in a underground opposition and planning meeting devoted to the improving Poland's official protests which attracted little image in the West.

The government hoped that

the police. An investigation without requiring any political against these has been started. concessions to either the The proceedings mark the

Coalition in

under strain

PORTUGAL'S PREMIER, St

Mario Soares, and his Socialist Party were still awaiting clear signals yesterday from the new leaders of the Social Democrat Party (PSD) whether they intend to remain partners in the coalition government

Sr Anibal Cavaco Silva, the

new PSD leader, a highly skilled but somewhat abrasive econo-mist, has said he is "not too interested" in joining the Government. But he has left the

door open for negotiation by stating that he wants to exact far more radical economic reforms from the coalition in

order to close the gap more rapidly between Portugal and

Officials are worried by the possibility of a showdown with

the PSD shortly before Portugal's EEC accession treaty

is signed in Lisbon on June 12

Sr Soares, who has doggedly picked his way through fre-quent PSD upheavals over the

past two years, ensuring govern-ment stability when the junior

partner has been turbulent now faces a new challenge.

He is no longer dealing with bland PSD leaders who could barely hang on to their positions, but with a self-assured politician who is disinclined to

be number two in any govern-ment and bent on pushing his party back to the top

Sr Soares, whatever his relaxed style of leadership also

likes to be number one, and when the first formal meetings

occur next week between the two ambitious men with radically different styles, the

the other EEC countries.

Portugal

coalition government.

Mr Walesa and several others freezing some 500 people, in-were also present at the meet-rinding 11 senior Solidarity ing, which was broken up by leaders, would achieve this aim Roman Catholic Church or tied, accused of trying to provoke established pointest with the proceedings mark the atomic church or eats unrest and belonging to an was also released in July. failure of the Government's society at large. But ten my tilegal organisation. Mr Michnik and Mr Lis, along policy, initiated last July with mouths later, Poland once more mr Lis, who was once Mr with the Solidarity underground an amnesty for political has about 150 political detainees a Lech Walesa's deputy, led the leadership, openly called for a prisoners, which aimed at clear awaiting trial, the underground

trade fell into deficit in the first

quarter of the year as exports dropped 9 per cent in value while

The figures were especially dis-

The unexpected deficit reflected a

continued worsening of Hungary's terms of trade as the quantity of ex-ports to hard currency markets re-

mained at last year's level while the value fell 9 per cent. The rise in imports consisted largely of additional

energy purchases because of the ex-

Hungarian foreign trade officials

said the bulk of the shortfall could

be made up in coming months by

improving exports and by added

production. The central statistical

office, however, noted that export

contracts for the remaining three

East Germany this year for the first

in April 1974 as an East German

Officials in East and West Ger-

cellor to the federal government.

quarters of the year suggest a failed "more moderate" growth in hard trade.

tremely cold winter.

imports rose 11 per cent.

Hungarian exports

HUNGARYS VITAL hard currency currency sales than had been esti-

appointing in view of the ambitious year was to have been commensu-target of a \$700m trade surplus this rate with the targeted increase in

Last year, Hungary achieved a Ministry said the fall in hard curtrade surplus of \$600m.

Brandt may visit E. Germany

HERR-WILLY BRANDT, chairman many said preparations for the visit of West Germany's Social Democrat were under way and that a date was

time since Herr Günther Guil- to East Germany was as Chancellor laume, a senior aide was uncovered in March 1970 when he met Herr

spy when Herr Brandt was Chan-Minister, in Erfurt. The two men

Party (SPD) is considering a visit to expected to be set shortly.

year which was to have been re- hard currency sales.

down, imports up

The Government has contented itself until now with giving short, if onerous, three months' sentences for public order offences to leading figures in the solidarity movement who make no secret of their support for the banned union.

tions, due to come into effect

The implication for Hungarian

imports from the West was that

they might have to be scaled down

because the increase in imports this

the developing countries but that it was also considerable in industria-

Hungarian industrial production

measured on a daily basis - was

up 3.5 per cent in the first quarter.

In January and February, output barely exceeded last year's level, while in March it rose 6.8 per cent.

the first quarter was 2.8 per cent be-

low the planned target as a result of

The Bulgarian Government said

that trade with other Comecon

countries was developing well but

Herr Brandt's first and last visit

Willi Stoph, the East German Prime

set out the ground rules for future

"adverse climatic conditions."

In Bulgaria, industrial output in

lised Western nations.

Tighter criminal code regula-

offenders by reducing their This is the first important rights and speeding up the legal political trial since the amnesty. process to avoid publicity.

The police yesterday briefly detained Mr Jan Rulewski. another Solidarity figure, as he waited in vain to enter the court. Some 10 other bystanders were also detained out of a small knot of wellwishers who congregated in the street as the proceedings were

Mr Fulvio Dobrich, a Manu-

Sr Fraga failed to provide any conclusive evidence to support the allegations and

A court in San Sebastian yesterday ordered one of Spain's top anti-guerrilla policemen to be suspended for three years for refusing to co-operate with justice over

Commissioner Manuel Ballesteros has refused to identify three men, who he says were police informers, who crashed through the border into Spain soon after the shootings at a bar fre-quented by Basque separatists

'Spanish Watergate' continues

A SERIOUS domestic politiwatergate, looks set to con-tinue as the Conservative opposition party. Popular Alliance, announced yester-day that it would pursue its investigation into alleged police spying into party

conclusive round of question-ing in parliament on Wednesday evening, when Sr Manuel Fraga Iribarne, Popular Alliance's leader, demanded an explanation of Press reports of telephone tapping and police surveillance of his

support the allegations and his questions were stone-walled by Sr Jose Barrie-nueve, the Interior Minister, who swore "on his honour" that he had not authorised any illegal activities.

Popular Alliance accordingly plans a full debate into the home grown "Watergate"

home grown "Watergate next week in a move designed to further embarrass the

a 1980 shooting in France, court officials told Reuter.

Western banker sees Yugoslav debt delay

By David Buchan and

YUGOSLAVIA'S ATTEMPT to renegotiate a lower interest rate on its 1983-84 rescheduled debt could prolong its current negotiations with commercial banks on 1985-88 debt relief by an-other six months, a senior West-ern banker warned here yester-

facturers Hanover vice-president and chairman of the group dent and chairman or the group representing Yugoslavia's several hundred commercial bank creditors, is here with a trio of British; West German and Japanese bankers to explore the chances of agreement on a four-year debt rescheduling. Until there is agreement, western harks were militely to Western banks were unlikely to make any new loans without Yugoslavia has rescheduled its official 1985 debt with its official 1985 cent with Western governments and Kuwait, but two mouths of negotiations have so far falled to bring final agreement with commercial banks. The latter have agreed to give debt relief for two years, 1985-86, but arestill resisting Yugoslavia's demands for a lower spread on the interest rate.

The Yugoslav negotiating position has been weakened by the poor performance of the economy this year. After relatively good 1984 results, hard currency exports and central bank reserves fell in the first four months of this year as dramatically underlined last week by Mr Radovan Makic, the national bank governor Bank officials say that total reserves, which were \$2.1bu last December, dropped as much as \$432m at the end of February, but have since risen

According to the programme agreed with the International Monetary Fund, reserves are supposed to exceed last year's figure by \$200m by the end of 1985. If Western bankers regard this year's poorer performance as impairing Yugoslavia's creditworthiness, they
may seek to cover the risk with
a higher interest rate.

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Legal action looms on airlines

decided to take legal action against pean air transport.
seven member states for failing to At the same time disclose information about their na- sion is to insist on member states tional airline operations.

The move announced yesterday mon position on civil aviation policy by Mr Stanley Clinton Davis, for the European Civil Aviation Transport Commissioner to the Conference (ECAC), invoking for Council of EEC Transport Ministers the first time a right of consultation in Brussels, is the latest step in a agreed six years ago.

Mr Clinton Davis said the Com-

THE EUROPEAN Commission has create more competition in Eurodesided to take legal action against near air transport.

mission was "profoundly disappointed" at the lack of progress

At the same time, the Commisgetting together to agree on a com-mon position on civil aviation policy

wards a more flexible air fares policy which, he said, would lead to cheaper fares for travellers.

Legal proceedings against the seven members are being taken under Article 169 of the Treaty of

Diversified Food Corporation

has been acquired by

The Albert Fisher Group PLC

acted as financial advisor to

Bear, Stearns & Co.

New York/Atlanta/Boston/Chicago/Dallas/Los Angeles/San Francisco

We initiated this transaction and Diversified Food Corporation.

Amsterdam/Geneva/Hong Kong/London/Paris

May 1985



REPUBLIC OF AUSTRIA

DM 202,000,000 **Zero Coupon Bearer Bonds**

DM 100.000.000 Bonds of 1985/1995 Redemption amount DM 200,000,000 DM 102,000,000 Bonds of 1985/2000 Redemption amount DM 300,000,000

Bayerische Vereinsbank

Commerzbank Aktiengesellschaft

AVERENCE LANGES OF FIF TIC ASTORDERON

Deutsche Bank Aktiengesellschaft

Dresdner Bank

Westdeutsche Landesbank Girozentrale

Creditanstalt-Bankverein

Genossenschaftliche Zentralbank AG Vienna

Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft

Industriebank von Japan (Deutschland)

Morgan Stanley International

Österreichische Länderbank Aktiengesellschaft

Union Bank of Switzerland (Securities)

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tement appears as a matter of record only. The Bonds have not been registered for offer or sale in the

T'EL.ECOM

Information for Shareholders

If you are one of almost 1,750,000 people who have shares in British Telecom you are probably aware that the second instalment of 40p a share is due to be paid by 24th June 1985.

At the end of May the Government will send you a reminder about the instalment which tells you exactly how much you have to pay and how to do so,

If you think you will be away from home in June you can arrange to pay the second instalment now. To do so, you should write to Lloyds Bank Plc, Registrar's Department Goring-by-Sea, Worthing, West Sussex BN126DA; they will tell you what to do.

The Stock Exchange price of BT's shares will be adjusted on 28th May to take into account the extra 40p you will be paving.*

If you are one of the individuals who bought shares in the flotation you became a founder shareholder. At that time you were able to apply for special benefits by way of either bill vouchers OR the share bonus.

By paving the second instalment and remaining a shareholder until 25th June 1985 you will remain eligible for EITHER:-

Bill vouchers.

You will receive the following: number of vouchers depending on how many shares you have held since the flotation -

200 shares - one voucher in July 1985 worth £18.

400 shares - two vouchers in July 1985 worth £36

800 shares—two vouchers in July 1985 worth £36 and (if you still hold these shares on 23rd December 1985) two more vouchers early next year also worth £36... OR:-

Share bonus.

To keep your entitlement to one free share for every ten shares bought at the time of flotation you must retain at least that number of shares until 30th November 1987, and pay the second and third instalments.

. All shareholders are eligible for:-Dividends.

The first dividend is expected to be 3.9p per share (net of tax) and will be payable in August 1985. So if you hold:-200 shares you will receive £7.80.

400 shares you will receive £15.60. 800 shares you will receive £31.20. An interim dividend for 1985-86 is also

expected to be paid in February next year. *From the end of May you will only be able to deal in BT's shares on the basis that the instalment has been paid

> NOTE: The bill vouchers and share bonus only apply if you bought ... shares in the initial offer of November 1984,

EUROPEAN NEWS

French overseas investment 'less than competitors'

ay May 24 1985

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10 TO THE

FRENCH companies had invested insufficiently abroad French employers federation (CNPF) warned yesterday.

Describing French companies as less multinationally-minded than their competitors, he said that the amount that they had invested abroad had fallen from a peak of FFr 25hn (22.1bn) in 1981 to FFr 16.8hn last year. France, he said, devoted only 0.33 per cent of its gross French regulations including national product to direct overseas investment which was less than half the British level.

M. Gattar made his remarks

M Gattaz made his remarks M. Gaitaz made his remarks at a two-day seminar, organised by the CNPF, on international investing by companies—the first such gathering it has held on the subject in six years. The timing of the seminar reflects both preoccupation with the france continuingly overall low levels net for investment by France. of investment by French France exceeded the investment industry as well as increased awareness by both business and Industrialists at the seminar

ment-declaring that French investment elsewhere in Europe compared with their main Euro- was particularly low in com-pean and American competitors, parison with the volume of M Yvon Gattaz, the head of the France's trade with its Euro-

pean partners.
The latest trade figures pub

ment that the bulk of com-panies foreign investments are financed out of borrowings

In his speech M. Gattaz com pared the decline of French investment abroad with the growth of foreign investment in France. At FFr 17.2bn last year, net foreign investment into France exceeded the investment

government that French indus-try has been losing out in not establishing a stronger presence in foreign markets.

Industrialists at the Seminar complained that the Govern-ment was giving foreign com-panies an unfair competitive advantage in relaxing the resadvantage in relaxing the res M Gattax contrasted France's trictions on foreign investment position as the fourth largest in France while maintaining exporter in the world with its them on French companies lowest levels of foreign invest- investment abroad.

Two commercial television networks given go-ahead

BY PAUL BETTS IN PARIS

the go shead in France as part large number of local television of government plans to declaring.

But, with his tax concession

M Laurent Fabius, the Prime Minister, made the announce ment on television, adding that he proposed offering large tax concessions to support production of French feature and tele-vision films and programmes.

The Government has thus endorsed the broad suggestions of a report on the future of television published

Prepared by M Jean Denis prises can make to sponsor Bredin, a senior French official, artistic events or productions it recommended two new com- has been increased.

TWO NEW commercial tele- mercial nationwide networks to vision networks have been given be set up in association with a

> proposals, M Fabius has taken the broadcasting deregulation process a step further. The film and television programme industry would offer a tax shelter for investors placing their money in the form of risk capital into new film or television produc tions. These investments would become tax deductible. At the same time, the amount of tax deductible contributions which large corporations and enter

Ireland's rising debt worries **OECD**

THE IRISH authorities should take swifter action to reduce government deficits in view of the rising burden of foreign debt according to a report from the Paris-based Organisation for Economic Co-operation and Development (OECD).

Government debt stands at 128 per cent of gross national product (the highest figure in the OECD area), it says, and government foreign debt alone represents \$5 per cent of CMP represents 55 per cent of GNP. The report estimates that in-The report estimates that interest payments abroad may represents 6 per cent of GNP this year. It wants the Government to accelerate the correction process, which at present envisages the budget deficit falling to 5 per cent of GNP by 1987.

Cuts in the real value of social benefits and health and social benefits and nearth and education services may be in-evitable, it says. Although infla-tion has fallen rapidly to below 6 per cent, the decline in sterl-ing against the EMS currencies, of which Ireland is a member, has reduced Irish competitive

The scale of government borrowing means that interest rates are likely to remain high in the pext few years and may not fully follow any decline in international rates. The report is also gloomy about unemploy-ment and sees little early prospect of a fall below the present 17 per cent level.

It pays considerable attention to the emergence of a dual economy in Ireland, with new, foreign companies supplying most of the growth in output and exports, while Irish in-dustry lags behind.

Foreign concerns contributed most of the 19 per cent volume increase in manufactured exports last year, and are expected to continue to perform well for the next few years. However, profit repatriation

by foreign companies is esti-mated to have reached I£900m (£723m) in 1984, and the report says links between the foreign manufacturers and domestic suppliers are weak. Thecosts of attracting foreign industry have also been high. The OECD welcomes changes

in industrial policy towards developing indigenous industry but points to the need to reduce the share of resources going to the public sector.

MINISTERS AGAIN FAIL TO REACH DECISION EEC impasse on transport plan

THE TEN Transport Ministers of the EEC yesterday responded to a sharp reprimand by the European Court of Justice by

European Court of Justice by doing exactly what they were accused of—falling to reach any decision.

A day-long meeting called to decide on how many hours should be worked by long-distance drivers, and on a master plan for transport throughout the Community, ended with all the decisions being referred back to officials, and a further meeting being and a further meeting being called for next month.

A threat by the European Commission to withdraw its

proposal on drivers' hours, if it was substantially changed by the Council, was never put into

of North Sea oil production in 1971. If there is further subsi-

dence there is a risk that the

plaforms' facilities could be very badly damaged by a wave of over 25 metres. Plans to resrtucture the

the North Sea.

largest industrial company, is day field, Norway's second most planning to preserve the sink- productive. The field is also ing platforms of the Ekofisk the crucial link in Norway's gas oilfield by taming the waves of sales to the Continent, not only the North Sea. but also as a conduit for gas production from fields further The platforms of Ekofisk have sunk by several feet since the field became the first source

Norsk Hydro, which has a 7 per cent stake in the field, has developed a radical solution, which would break up any wave which threatened the installation. Under this plan the field Plans to restructure the would not need to be shut down, platforms could lead to a shut- for mechanical devices quite

ling to oil market news.

experience of the guilder as a

petro-currency may serve as an

in the EMS would mean a more

"Politically, full membership

porth.

Dutch press for sterling

THE DUTCH Finance Minister, reduce the sensitivity of ster-

to enter the EMS

BY LAURA RAUN IN AMSTERDAM

Mr Onno Ruding, yesterday

appealed to Britain to join

the European monetary system

(EMS), arguing "that the time

Speaking to the Netherlands-

British Chamber of Commerce, he noted that British inflation

is lower than for several years, and that "British authorities are looking somewhat differ-

ently nowadays at the question of compatability of monetary

and exchange-rate targeting."
He said that full EMS par-

ticipation might have a stabilis-ing influence on exchange rate expectations and therefore

is ripe."

NORSK HYDRO. Norway's down of the 245,000 barrels a separate from the installations energy of the waves. We would would be constructed.

Council

9 (+1) 90 (-2) 11 (as now) in two period e.g. 8+3 42

DRIVERS' HOURS

Norwegian oilmen try to tame the waves

9 (+1)

12 (+1)

Norsk Hydro's plan is to apply in reverse the technology of obtaining power through the artificial building up of a series of smaller waves into one big wave. Norsk Hydro has com-missioned Norwegian institutes specialising in this work to carry out simulations to see if

Mr Trygve Refvem, a vice months of satellite president or Norsk Hydro said ments of the rate of st in Oslo yesterday: "We are hoping to be able to disperse the accurately measured.

need only to reduce the height of a giant wave by 3 or 4 metres.
We need to find out haw much this programme would cost, but we feel fairly confident we will

transport services, the one sub-lect which the master plan

drivers' hours proposal, saying it was hard enough for the

Phillips, the U.S. oil company which operates Ekofisk, is next month to submit a report on the carry out simulations to see it it is possible to break up the giant waves that may threaten Ekofisk.

Refvem, a vice mouths of satellite measure-The first time that it has been

Italy must raise extra

BY JAMES BUXTON IN ROME

ITALY WILL have to raise an It is widely expected that when extra L10,000bn (£4bn) in the political scene settles down extra L10,000bn (f4bn) in revenue if this year's public sector borrowing requirement target of L100,000bn is to be met, Sig Giovanni Goria, the Treasury Minister, said yester-

day.

The target, which has been considered increasingly unrealistic in recent weeks, would alone represent about 15 per cent of this year's expected fundamental commitment to Europe and be regarded as an Europe and be regarded as an important step for Europe on the road to greater integration of European markets," Mr Ruding said.

Quentin Peel adds from European Partiament will meet Mr Nigel Lawson, the UK Chancellor of the Exchequer, today to pure him to reconsider. gross domestic product, giving Italy once again easily the highest PSBR of any large in-dustrial country.

today to pree him to reconsider sterling's exclusion from EMS.

revenue, says minister after the regional and municipal

elections earlier this month, the Government will introduce measures to raise charges for state-provided services and put up indirect taxes, such as that on petrol. These measures might not, however, raise the full L100,000bn.

The anticipated gap in the public accounts is due to the

fact that major revenue raising measures already introduced are not expected to produce their full yield this year, and Sig Goria's statement, circubecause Parliament has recently lated to ministers yesterday, voted through bills which will makes clear that new measures push up government expenditoraise revenue are essential.

Danish plan for bank deposits

a decision which he welcomed. He said the Court was insisting on genuine liberalisation of Denmark's central bank plans a special deposit system for commercial and savings banks from the end of June, writes Hilary Barnes in Copenhagen. Banks will have to place in it an unspecified part of any increase in deposits with the National Bank. This is intended to reduce corrections for defailed to implement.

He criticised the Commission for its threat to withdraw the ministers to reach agreement without the Commission mak-ing it more difficult when they to reduce competition for de-posits and moderate interest rates, making bonds more attractive. ing it more difficult when they threatened to do so.

"I do think it is scandalous that the Community has taken so long to get even where it has got to," he said. "If we get to pean Court—that the Council of British Transport Minister, said the stage where the Commisters had breached the transport master plan proposed provide freedom of transport by Italy was a direct result of state."

Clash with Kurds

Turkey is fighting a limited guerrilla war against Kurdish-speaking separatists in the south-east, says Mr Yildirim Akbulut, the Interior Minister, writes David Barchand. He spoke after a clash between the authorities and separatist guerrillas in which eight people died in the town of Bozova.

Schiphol expansion

Amsterdam's Schiphol Airport Authority will spend more than £350m over the next ten years on improvements and expansion. writes Michael Donne. Schipbol expects to handle close to 20m passengers a year by 1995.

Troop talks resume

The Vienna talks on reducing conventional forces in Europe resumed after their spring re-cess, writes Patrick Blum in Vienna. Nato insists that the central disagreement on the current level of troops de-ployed by each side must be resolved if real progress is to be made.

Flick trial date

Former Economics Minister Otto Lambsdorff and two other prominent West Germans will go on trial on August 29 charged with corruption and tax evasion in connection with the Flick political bribery affair, Reuter reports from

Farmers protest

HELLO TOM,

HERMANN CAN'T MAKE

Some 20,000 Swedish farmers protested against government agricultural policies yesterday with a march that caused severe traffic jams in Stockholm, AP

HELLOTOM THE SALES MEETING K IN HAMBURG

HELLO HERMANN.

TOM'S SECRETARY

SAYS HE CANT

MAKE PARKS.

HELLO HERMANN, THE SALES MEETING K IN HAMBURG

CAN YOU TELL PIERRE ITS LOOKING LIKE LONDON?

HELLO TOM, CAN YOU GIVE

HELLO TOM, ITS DEFINITELY

HELLO, CAN

YOU TELL PIERRE

THE SALES MEETING

IS IN HAMBURG?

LONDON. CAN YOU TELL HERMANN?

HELLO PIERRE HAS HERMANN CALLED TO CONFIRM LONDON?

NO PIERRE, ON WEDNESDAY, NOT THURSDAY. HERWANN & PIERRE A MESSAGE?

YES TOM, THE DAYS CHANGED. IT'S FRIDAY

HELLO, I'M IN BRUSSELS, WHERE IS EVERYBODY?

Is getting through getting you down?

No matter how advanced your telephone system is, if the person you want isn't available, you can

waste valuable time. The more people you want to reach, the more time you waste.

But with the IBM Audio Distribution System, you can get your message through. And

you can do it with just one phone call. Let's say you're away from your office and need to get a vital message to a number of your people.

You phone the office,* enter your personal code, record your message and enter the distribution list code.

Put down the phone and be on your. way - confident that your message will get through, because the IBM Audio Distribution System will keep on trying

to contact the people and pass on the information. Your distribution lists can be compiled to cover groups of people you deal with regularly.

You can even pick up messages, add your own comments and then pass them on to others.

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It's another example of the way IBM is integrating information and telecommunication systems to provide

its customers with new applications. With the IBM Audio Distribution System, speech is digitised and stored on a computer connected to your telephone system.

If you have over 100 staff who are often away from their telephone, it could make sound economic sense. Call your nearest IBM office today and ask for a demonstration.

Talking to us should make



*You will need an approved multi-frequency telephone or key pad.

South Africa admits | Egypt worried Sudan may abrogate all agreements troops operating on Angolan territory

BY ANTHONY ROBINSON IN JOHANNESBURG

GEN CONSTAND VILJOEN, South West Africa/Namibia commander in chief of the and the Republic of South South African Defence Force, Africa." the oil-rich Cabinda enclave.

According to Angop, Angolan orces had killed two South African soldiers and captured one other together with a quantity of arms and explosives including 16 contact mines, two firebombs and guns equipped with allencers

Gen Viljoen in an official statement made no reference to the Angop report but confirmed for the first time that "small elements" of the South African Defence Forces (SADF) were Congress (ANC) bases, South West Africa Peoples Organisation (Swapo) bases as well as Cuban involvement with them in areas south and north of

"At the moment there is concern because contact with such a small element has been broken." he added in what appeared to be a thinly veiled reference to the Angolan claims.

African forces were still operating in Angola following allegations by the Angolan state-controlled Angop newsagency that Angolan forces had caught South African forces had caught South African forces preparing to sabotage the Malongo oil refinery, owned by Gulf Oil, in the oil-rich Cabinda enclave.

The Cabinda enclave where South African saboteuers were allegedly found by Angolan forces however, is 1,350 kms from the Angolan border with Namibia and 2,550 kms from the South Africa on the Orange River. It is also separated from the bulk of The Cabinda enclave where southern border between Namibia and South Africa on the Orange River. It is also separated from the bulk of Angola by a narrow strip of Zaire territory and the Zaire (formerly Congo) River.

Oil produced from offshore installations by the U.S. majors, Gulf Oil and Texaco, and onshore at the coastal estuary of the Zaire River by Petrangol, a joint venture between Petrofina of Belgium and the Angolan state oil company, provides an estimated 80 per cent of Angola's hard currency income. Defence Forces (SADF) were
It earned \$1.5bn in 1981 on
involved "in gathering information about African National
Congress (ANC) bases, South

Light State of the South African Authors
It earned \$1.5bn in 1981 on
output of 135,000 b/d but output is believed to have risen
since following a \$1bn expansion plan announced in January

monds are used partly to pay for the estimated 25,000 Cuban troops in Angola together with advisers and arms from the Soviet Union and other East

bloc countries. When South Africa withdrew the last 500 of its troops from Gen Viljoen said that "small Southern Angola last month it SADF elements" were deployed in Angola "to gather information about hostile elements drawal of Cuban forces from which threaten the safety of Angola.

Riot death toll at 381

BY OUR JOHANNESBURG CORRESPONDENT

THE OFFICIAL death toll in nine months of rioting in South black on black violence aimed African black townships stood against black councillors, police-at 381 people as of April 30, men and officials and deaths Mr Louis Legrange, Minister of occurring as a result of inter-Law and Order, told a public group violence between sup-meeting in the Eastern Cape porters of rival factions provincial town of Cradock. Ford said yesterday it had

died as a result of police action, six were killed by para-police development board officials and sea a result of what are many residents depend on Santa Sea as a result of what are six were killed by para-police eastern Cape Province, where development board officials and 82 as a result of what Mr Africa's ailing motor industry Legrange called "action taken for work, has been affected by for work, has been affected by by members of the public."

This is a euphemism for the

provincial town of Cradock. Ford said yesterday it had focus of more than a year of continuous unrest.

Some 74 of the deaths were children and youths under the age of 18. In all 223 people died as a result of police action. rioting in black townships

terday seeking urgent clarifi-cation of a report published in Saudi Arabia that the new government in Sudan was lanning to abrogate all bllateral agreements with

Cairo.

In an interview published in the English-language daily Saudi Gazette, Mr El-Gazouly Dafaailah, the Sudanese Prime Minister, was quoted as saying that accords signed by the deposed President Nimeiri and Egypt were con-sidered "null and void." He said that the agreements did not reflect the will of the Sudanese people and were "show business."

Although the Foreign Ministry in Cairo has been attempting publicly to play down its concern, there is deep private anxiety about recent events in Khartoun. This coacern deepened last weekend when Col Muammar Gaddafi, the Libyan leader, pald a brief visit to Sudan before travelling on to Saudi While in Khartoum, Col

Gaddan urged other Arab armies to rise up and "join the masses in overthrowing reactionary regimes." He has repeatedly called for the overthrow of President Mubarak of Egypt while at the same time offering the Egyptian leader large sums of money to break the peace treaty with

It is probable that Col Gaddafi made a similar offer to the Sudanese leadership last weekend in return for a pledge to abrogate its agreements with Egypt. Libyan

Iran resumes air raids on Iraq

BY OUR MIDDLE EAST STAFF

IRAN SAID vesterday that it had launched its attack earlier so long as President Saddam had resumed its attacks on Iraqi economic targets in re-taliation for Tuesday's air raids on a power station at Ahwaz and two pumping stations near

Derful.

A military communique from
Tehran said that Iranian aircraft had bombed a hydroelectric plant at Dukan in north-east Iraq and caused heavy damage. Iraq said the aircraft had been beaten off.

The attacks by both air forces marks the end of a lull in the Gulf War which followed a period of intensified fighting in March and April. Iraq said it

this week because Iran failed to respond positively to the offer of a ceasefire during the holy month of Ramadhan. Radio said its aircraft would in

economic targets along the bor-Prince Saud al-Feisal, the Saudi Foreign Minister, visited Tehran last weekend for the first time since the 1979 revo-lution in a fresh bid to secure a ceasefire. However he was porting told that Iran would not con-template an end to the fighting. Tehran,

violent attacks on all Iranian

Hussein remained in power Although there have been signs of growing anti-war senti-ment in Iran all military evidence suggests that preparations are continuing for a further ground offensive. The regime in Tehran is said to have been buoyed by reports of increasing difficulties faced by President Saddam in containing dissident has been called the battle of the porth. Saddam in containing dissident Kurdish forces in the north

• Iraq yesterday expelled Reuter correspondent Mr Trevor Wood on grounds of biased re-porting, the Iranian News Agency (IRNA) reported from

aircraft have been arriving in Khartoum with increasing frequency during the past few days, officially carrying large quantities of aid for the drought victims.

Khartoum Radio has also reported several messages from Libyan military commanders offering increased co-operation and talks on "mutual security."

The central agreement between Egypt and Sudan is the Charter of Integration signed in 1982. It provides for the establishment of a Higher Council headed by the two Presidents, a Nile Valley Parliament, a general secretariat and a joint development

In a recent interview, Dr Esmat Abdel Mequid, the Egyptian Foneign Minister, described the relationship with Sudan as "deep and intense." He said that it would be unwise for any country to try to distrub that relation-ship or to work against it. • Egyptian security officials

foiled an attempt by a "Libyan agent" connected to a group to blow up a foreign embassy in Cairo on Wedner day, an Interior Ministry statement said, Reuter reports from Cairo.

It did not specify the embassy but Egyptian antiterrorist squads Wednesday sealed off the U.S. embassy and concrete blocks were being erected yesterday. apparently to protect it from

Palestinians resist Amal attacks

BY NORA BOUSTANY IN BERUT

PALESTINIAN guerrillas entrenched in fortified positions and underground tunnels in PALESTINIAN three refugee camps south of Beirut yesterday fought off the camps. Amal militiamen prevented reporters from enter-

ing the dusty shantytowns yes-terday, where Palestinian fighters continued to resist with hand grenades and machinegun

Columns of black smoke could be seen rising from the Sabra and Shatila camps. Though Amal claimed both settlements Amal claimed both semements had fallen on Wednesday night, fighters at the entrance said the guerrillas surprised them by emerging from holes and shooting from concealed posi-

Both Syria and Shi'ite Amal movement leader Mr Nabih Berri have accused Mr Yassir Arafat, chief of the Palestine Liberation Organisation, of provoking the fighting. The com-bat inside the camps has unified

boosted Arab support for the embattled guerrilla movement. Besieged guerrillas, including followers of Fatah dissident Col Abu Muss, are refusing to hand over their guns to Amal and insisting that the Syrian-spon-sored National Palestinian Sal-vation Front, should be in control of the camps.

In Christian-controlled East Beirut mourners gathered at a mass funeral service for 37 people killed in a powerful blast on Wednesday. Latest reports said 172 had been wounded in the explosion and 22 were still missing and presumed dead.

Poll success tightens General Ershad's grip

BY SAYED KAMALUDDIN IN DHAKA

THE SUCCESS of the 480 Upozila council elections, held in two phases earlier this week, has helped Lt-Gen. H. M. Ershad, Bangladesh's military ruler, to further consolidate his grip in the country.

Despite the opposition's efforts to prevent the polls, more than 40 per cent of 45.6m voters turned out to elect 458 chairmen for the Upozila councils out of 2,372 candidates. Two others were declared elected

Political activities were banned after March 1 this year when the military regime reimposed martial o schoolchildren were killed and between candidates.



law rules. But the candidates were more than 100 people injured - did allowed to campaign for them- not have any impact in the rural selves. The opposition's efforts to areas. However, eight people died create panic with widespread bomb- and more than 300 were injured in ing in the urban areas - in which election violence caused by rivalry

BY COLINA MacDOUGALL IN LONDON

CHINA has sprouted a few millionaires in recent years, but none like

Liang Kuonjiu. Illiterate, and as he joyfully admitted, a lifelong businessman even when Peking forbade private commerce, he has invented a process for flavouring water-melon seeds which brought him a 1m yuan \$350,000) income last year.

With 300 employees, his Wuhu company, Fool's Melonseeds, is probably the largest private venure in China. Output last year reached an estinated 538m with sales to Hong

Kong, Taiwan and Japan. Last year Liang owned eight melon seed processing plants but gave four to his two elder sons. He now plans more factories and outlets. Liang is the stuff of which successful businessmen are made. His

stonemason father, because of his

king clamped down on private en-aoping took the clamps off private terprise in the 1950s, he simply business at a now famous party avoided the clamps. How did he manage through all

China's melon-seed millionaire

the anti-commerce movements of the past 30 years. "All you needed his eyes sparkling with glee along province and Inner Mongolia in with the diamonds on his finger. 'I travelled all over China to buy fruit to sell, I had good connections with the peasants and I never got

caught."

This heady but dangerous profession slowed in 1972 when he first thought of selling melon seeds, a natural sideline to his fruit business. "Fruits are limited by season." he said, "But you can have seeds all

the year round. He invented a process for drying and flavouring the seeds and sold

apprenticed Liang to a fruit stall them in a small way.

holder in the late 1940s. When Pe- In 1979 Chinese leader Deng Ximeeting, the Third Plenum, and Li

Sales rocketed. He designed processing equipment and had it made was a pair of sharp eyes and strong in Shanghai and Nanjing. legs to run away with," Liang said, He travelled to Sinjiang, Gansu

ang came out of the closet.

The fruit is pulped, the seeds dried and the leftovers used for fertiliser. The flavoured seeds sell at about 2 yuan (about 72 U.S. cents.) a

Liang pays good wages by Chinese standards (up to \$30 a month). He supplies three free meals a day and has built factory housing for the workers. For a multimillion dol-

Monks protest over Sri Lanka massacre

By Mervyn de Silva in Colombo

THE SRI LANKAN parliament opened a two-day debate on the Anuradhapura massacre vester day as several hundred Boddhist monks staged a Satyakriya (prayers in protest) outside the parliament building that was guarded by a strong posse of unusually edgy policemen.

The protesters were praying for the monk and five nuns killed in the terrorist attack in Anuradhpura and protesting against the Government's incompetence in providing security for innocent civilians.

Reuter adds: Censorship was clamped on all news reports of the debate. Speaker E. L. Senanayake told the house that the workers. For a multimillion dol-lar business, his Wuhu office is and foreign news coverage. He humble - small, dark and hot. — did not give tletails.

AMERICAN NEWS

Managua loses Spanish trade support

BY TOM BURNS IN MADRID

the last three months, despite Madrid's hostility to the recently announced U.S. trade embargo. Spain's action has seriously

weakened trade relations be-tween the two countries. A Foreign Ministry official said yesterday the move had been taken for "purely technical reasons" and in response to Nicaragua's failure to repay in-terest totalling about Ptas 1.2bn (£5.48m) on loans that date

back to 1981. The refusal to cover further export credits was not revealed at the time to avoid linkage with the growing U.S. pressure on Nicaragua, a policy Madrid

is that sanctions against the

The official however, confirmed that a decision to with-draw export cover had been taken on March 12 by the Com-pania Espanola de Seguros de Credito a la Exporacion (Cesce) which is 50 per cent Govern-

month criticised Washington's trade embargo ou Nicaragua, and the official Government line Sandinistas will only serve to "Cubanise" the Nicaraguan Government.

SPAIN has refused official authorities have consistently ance agency means Madrid's coverage for export credits to opposed. The Spanish Government last have been brought to a virtual

Cesce is the key institution providing export credit insurance in Spain.

standstill and that future credits to Nicaragua are likely to be opposed by the Government's economic team, at least until overdue payments are met. According to CESCE the pay-ments are due on credit lines totalling Pta 20bn that were opened by the Spanish authorities, the first of which, totalling

In return for this credit, known as the "Spanish packge," the Sandinistas unde to honour payments due on Spanish loans to the regime of Anastasia Somoza they had The move taken by the insur- overthrown.

Pta 10bn, was negotiated in

The latest credit, of Pta 6bn, In March payments due stood at Pta 940m and the Foreign Ministry official said they were now believed to amount to Pta from Vienna.

ing trade with Peru, the Dom-inican Republic and Bolivia among other Latin American countries to press for repaymade machinery, ment. The difference is that He asserted, with Nicaragua, the decision is the politically embarrassing due to won the ostensible public support lent by Sr Felipe Gonzalez's Socialist government to the Sandinistas.

Nicaraguan Vice-President Pta 2.25bn of which was short Sergio Ramirez yesterday con-term, was negotiated in 1983. ceded that Nicaragua would not be able to survive the longterm consequences of the U.S. trade embargo, Efe reports

On the second day of his visit to Austria, Ramirez said that Nicaragua mirrors similar the embargo, which took effect moves taken by CESCE affect- on May 7, was already damaging Nicaragua's industry and agriculture because spare parts were running out for U.S.-

He asserted, however, that would continue to develop trade relations with Eastern bloc nations and confirmed that Nicaragua would not sacrifice its right to self-determination

Sarita Kendall in Quito outlines the arithmetic of South America's drug production

Economies under the influence of cocaine

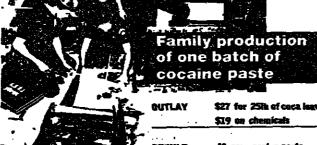
IT IS one of the few products grown, processed, exported and distributed by Third World countries. The cocaine export business is worth about half the world coffee trade if estimates of deliveries to consumer countries are compared; but in the final phase, when bulk ship-ments are broken down for the individual customer, prices individual customer, prices rocket by more than 300 per

Colombia, Peru and Bolivia remain the most important producing countries, but the cocaine business has now spread to most of South America. Central American and Caribbean nations are involved too, primarily as trans-shipment and gest clans, cocaine has enor-

for at least 5,000 years in rituals in the Andes mountains and the Amazon lowlands, and mates. Apart from the more obvious problems in arriving at South Americans still use leaves in these ways, so cultivation of coca is licensed in many areas. A very small part of the crop ing production levels, locations, is also exported legally for medical and other purposes.

level of investment in the can be multiplied by 40 when it plantation. The Tingo Maria is cut and packaged for the area in the eastern foothills of Chicago streets. the Peruvian Andes can give

AVANIENCE LORGEN OF THE THE MEDICINE



mous economic, social and poli-tical influence in Latin America. (2.47 acres) produces a ton of

prices and transport routes. Huge mark-ups occur at each Yields vary considerably stage in the process, and the according to the plant variety value of a kilo of cocaine in grown, soil, climate and the say, Letica on the river Amazon

RESULT SOLD FOR \$60 financial centres. From the thousand centres. From the thousand centres families growing coca leaves to the few hillionaires who direct the bigthe average is three or four. duction can be formed; by Even with minimal inputs and matching information from

which producers respond to

\$27 for 25th of coca leaves 40 gm cocaine pasta ROFIT \$1.4 BATCHES PRODUCED PER WEEK

attention, one mature hectare sources such as dealers, foreign agencies and bankers. Peru is considered the biggest coca leaf producer, with about 60,000 hectares (148,200 acres) followed by Bolivia with 50,000 hectares. The areas planted with coca in Colombia, Brazil and Ecuador have expanded anti-drug campaigns makes it very rapidly in the past three difficult to keep up with chang. years. Small plantations in ing production levels, locations. Venezuela and Argentina raise the total number to at least

145,000 with a conservative yield of a ton per hectare.

with sulphuric acid, lime, potaseither abandoned en route or sium permanganate or other seized by the authorities. substances. This, when dried, leaves a paste that is normally costs an average \$8,000 when bought in bulk. Experts believe

a very small production unit in cocaine exports can be put at the Cauca region of highland about \$5bn, before distribution begins to push up the price. The For one batch \$27 (£21.25) is full commercial value. spent on coca leaves (25 lb) for the fact that a gram of and 19 on chemicals, to produce cocaine sold on the street is about 40 grams of cocaine paste, rarely more than 50 per cent \$1.50 per gram, giving a profit \$25bn.
of \$14 on each batch. The family usually makes about the family usually usually makes about the family usually makes about the family usually makes about three sters are understandably reluc-batches a week, and labour is tant to treat cocaine—and other not, of course, accounted for in drug-earnings very seriously,

involve large labour forces, con-stant supplies of chemicals, calculates annual cocaine earn-clandestine airstrips and fair-ings at about \$300m. sized arsenale.

value of a kilo of cocaine in.

As the raw material is bulky, is refined into cocaine hydrodustry, financial groups and the first stage of processing can be multiplied by 40 when it is cut and packaged for the Chicago streets.

As the raw material is bulky, is refined into cocaine hydrodustry, financial groups and chloride in South America. At other businesses that allow a ratio of 2.5 kilos of paste to money to be laundered. Above one of cocaine powder, South all, it bestows sufficient economical groups and the multiplied by 40 when it is cut and packaged for the Chicago streets.

However, some idea of the petrol or kerosene to produce a region of 200 tons, of which influence.

sloppy mixture that is treated between 10 and 20 per cent is

leaves a paste that is normally moved elsewhere for more sophisticated refining into cocaine hydrochloride, the white powder.

The small grower can hardly expect to make enormous profits; these come further up the ladder. The economics of a very small production unit in cocaine exports can be not a series of the minimum value of South America's mum value of South America's a very small production unit in cocaine exports can be not a series of the minimum value of South America's a very small production unit in cocaine exports can be not a series of the minimum value of South America's a series of the minimum value of South America's an average \$8,000 when bought in bulk. Experts believe about 60 per cent of South America's exports go through U.S., the price jumps to about 30,000 a kilo, and it is higher mum value of South America's and average \$8,000 when bought in bulk. Experts believe about 60 per cent of South America's exports go through the south of the color of the cocaine hydrochloride, the white powder.

At the other end of the scale, in quantify the amount that integrated operations capable of returns home. However, in producing more than 10 tons of cocaine a month have been widely-accepted estimate, while cocaine a month have been widely-accepted estimate, while found in the eastern plains and figures for Bolivia and Peru are jungles of Colombia. These between \$1bn and \$1.5bn. A

Much of the income goes into If generous allowances are conspicuous consumption—made for the local consumption luxurious houses, expensive of coca leaves and losses along cars and large ranches—but it the way, about 500 tons of paste also fuels the construction in-

Motors sets closure deadline

By Terry Dodsworth in New York AMERICAN Motors, the U.S. subsidiary of Renault, the nationalised French motor group, is planning moves tonight which could lead to the closure of its two car plants in Wisconsin when plants in Wisconsin unless there is a last-minute break-through in talks with the United Auto Workers Union. The company's threat follows an earlier ultimatum to the UAW, listing 15 preconditions for negotiations on a new wages contract.

met, the company said, it would file papers by the end of the month to begin the 60-day notice period of a plant closure which is obliga-tory under Wisconsin law. American Motors said yesterday it had set July as the target date for the closure of its two Wisconsin car factories at Kenosha and Milwankee, both sited on the western shore of Lake Michigan.

About 6,000 workers are employed in the two plants, and in Kenosha they repre-

If these terms were not

and in Kenosha they repre-sent about half of the industrial jobs in the town. Earlier this month, the local branch of the UAW threw out the company's proposals, saying that it was willing to negotiate, but only if the 15 pre-conditions were withdrawn. Since then, the situation has been deadlocked,

and no further meetings are

scheduled over the next few

days. The pre-conditions at issue between the two sides include demands by the company for an immediate wage cut of 37 cents an hour from the cur-rent \$13.44 (£11.00), a reduc-tion in annual paid days of from 40.5 a year to 31.5, and a number of work-rule con-cessions. In addition, the company wants to trim the number of shop stewards

Although the union has taken a tough stand on the company's demands so far, there is considerable local feeling that the workforce will have to make some concessions to maintain the American Motors' operations

The two plants are relatively old, and the small cars made in them have been losing market share dramatically over the past 18 months.

American | Senate backs fund for joint Nato high-tech research

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

trops out of Europe, has tempo-rarily laid aside his stick and taken up a carrot.
In his continuing campaign

to induce European Governments to spend more on conven-tional military necessities, Mr intentions. Nunn has won Senate approval

dovetailing with current Euro- said. pean efforts to promote arms to operation and likely to encourage the genuine "two way streets" in Transatiantic arms said.

He would not continue to support U.S. funding of Nato, to the tune of some \$180hm a year "in order to carry out our sales that the Europeans have part of a vain strategy," he been seeking.

Mr Nunn warned, however,
that he could quickly take up
his cudgel again if the Europeans failed to follow through

with recent commitments to do better in vital conventional areas such as aircraft shelters and munitions stocks.

The Bill was defeated by a pile.

DEMOCRATIC Senator Sam vote of 55 to 41, after heavy Num of Georgia, who last year lobbying against it by the Adrattled the Nato alliance with a ministration, sending shock threat to start pulling U.S. waves through European capi-

Mr Nunn made it clear that

his new approach should not be regarded as "the end of the crisis" and that he would treat 1985 as a test year for Allied "If all the words of change, for a \$200m (£166m) fund for or improvement, turn out to be the Pentagon to co-finance joint merely words without substance.

high-technology weapons pro- merely a way for the Europeans jects with the other Nato count o appearse those crazy Americans for another year or so. I The Nunn Fund was wel-feel that our nation must sub-comed by West European stantially alter its Nato ctrategy officials yesterday, who saw it as and its defence strategy," he

> year "in order to carry out our warned. Meanwhile, the Senate rejected a Democratic move to delete \$163m from next year's defence budget to resume the production of chemical weapons, alted in 1969, which President Reagan has been seeking since he took office in 1981.

Mr Nunn demanded these improvements when he introduced last year's Bill threatening a house, which has consistently gradual withdrdawal of up to a thwarted Mr Reagan's efforts to third of U.S. forces from start production of a new. Europe if specific military goals generation of binary weapons to replace the ageing U.S. stock-

N-weapon development 'needs closer monitoring'

The Stockholm International The study pointed out that Peace Research Institute, a it was possible to get around private group which monitors safeguards set out in his treaty warned in the study that the to open U.S. and the Soviet Union spection. limit nuclear weapons as con-tinued failure may drive more nations to build atomic bombs.

THE international watchdog United Nations sponsored group agency against the secret charged with helping insurate development of atomic weapons compliance with the 1968 needs to be strengthened to guard against more countries Nuclear non-Proliferation Treaty. The pact, signed by 124 developing nuclear bombs, a countries, bans development of developing nuclear bombs, a countries, bans development of private study has warned, AP nuclear weapons and it sets out reports from Washington.

a system of "safeguards." a system of "safeguards."

military and nuclear issues, also and that countries could refuse warned in the study that the to open their facilities to inneeded to make progress to ... The U.S., Soviet Union,

France, Britain and China acknowledge having nuclear The study detailed problems weapons. India has exploded a facing the International Atomic nuclear device but claims it was weapons. India has exploded a Energy Agency, a 28-year-old only for peaceful purposes.

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U.S. farm export aid may breach trade rules, says De Clercq

sidy programme announced last week may be contrary to inter-

week may be contrary to inter-national trade rules.

Legal officials of the Euro-pean Commission were examin-ing the so-called Export En-hancement Programme "very carefully" to see if its terms complied with the U.S.'s inter-

complied with the U.S.'s inter-national obligations, he said.

M de Clercq went on to regret the targetting of the plan at the EEC, underlining that Com-munity export subsidies are con-sistent with the General Agree-ment on Tariffs and Trade "I do not think that it is conducive to promoting the spirit of dialogue which we need if we are to promote an need if we are to promote an

improvement in the Gatt system," he said.
This first official EEC response to Washington's controversial farm export programme came in a largely conciliatory speech by the Trade Commissioner to the American Chamber of Commerce in Chamber of Commerce in The bulk of M de Clercq's

address emphasised the need of the EEC and the U.S. to cooperate in the lead-up to a new trade round. He appealed directly to the U.S. Administration to resist pressure for "protectionist and undisteralist action generated by the increasing trade deficit." But he also quoted warnings

Trade Commissioner, last night of Commerce in Europe that the hinted that the new \$20n divisions between the Com(£1.60n) U.S. farm export submunity and the U.S. appeared annually to be growing wider.
"I remain personally seriously concerned about the growing number of bilderal differences, and more significantly, the openly aggressive manner by which the U.S. seeks to resolve

them," he said. The Commissioner went on The Commissioner went on to make specific reference to the "increasing intransigence" of the U.S. over EEC requests to supply additional special pipes to the All American Pipelines project which, though above the agreed quota, conformed to exemptions allowed when U.S. producers could not meet demand.

He also attacked U.S. threats improvement in the Gatt over Community tariffs prefer-system." he said. ences for citrus fruit allowed to Mediterranean trading partners, drawing parallels with prefer-ences allowed under Washington's Caribbean Basin initiative. The EEC was auxious to have another Gatt round, he insisted,

but full preparation with the developing countries was needed to make it a success. As the EEC and the U.S. shared 35 per cent of all world trade, it was essential they should work together to make the new talks successful.

"Intemperate action and re action by one or other could very quickly, domino-like, lead to a collapse of the whole sys-

Brazilian shoe makers face U.S. threat

By Andrew Whitiey,

BRAZILIAN makers of leather shoes face a severe threat to their profitability, and in some cases existence, after this week's decision by the U.S. International Trade Commission, to take up the U.S. shoe industry's plea for import relief. Last year Brazil exported 110m pairs of shoes to the U.S., by far its largest market, earning the country \$853m. Although Brazil is only ranked third in the foreign supplier to the U.S., after Taiwan and South Korea, the rate of growth of its exports has been outstripping

The Brazilian shoe manufacturers are particularly threatened because they are supplying the medium-to-better quality shoes and boots which the beleaguered U.S. industry would like to reserve for itself.

The shoe industry and the Brazilian government lobbyists have just over three months in which to organise their defences, by which time Presi-dent Ronald Reagan will have

all others.

to pronounce on the ITC's recommendations, For the Brazilian trade balance the consequences of import surcharges or quotas on shoe exports to the U.S. could

Christian Tyler examines claims that the UK is trailing in the soft-finance game British wrangle over aid for trade

Aid commitments

YOU CANNOT use the same fork to eat your supper and dig your garden. With this homely analogy, Professor John Toye, a consultant to the British aid programme, this week identified a fundamental policy conflict over the use of aid money to win overseas project business for UK companies.

According to Prof Toye,

According to Prof Toye,
—Professor of Development
Policy at University College,
Swansea—who has studied six
pojects funded for the Overseas Development Administration in which the aid and trade provision (ATP) was deployed, the programme cannot at the same time be both developmental and

His conclusion, spelt out this week to an all-party group of MPs interested in overseas development, goes to the heart of the running battle between industry and government industry and government.

The controversy has boiled up again in recent weeks, with the result that ATP is becoming the ment policy towards aid for

British **Ministers** criticised Japan for offering cheap finance to Turkey to build a second suspension bridge over the Bosporus, The contract was won by a consortium including the Japanese, while a consortium including the British company that built the first bridge was left trailing.

The Government has, however, approved an ATP grant to Thailand to match a Belgian offer of cheap funds for re-equipping and reorganising Bangkok's public bus service.

It is still wrestling with pre-sentational problems in subsi-dising credit to South Korea for British bid to build a second blast furnace for an integrated steelworks there.

Meanwhile, the competition has been busy. For example, the French have signed a protocol in Peking for soft credits that could give French companies a dominant position in the big Chinese market for modernising the telephone system.

The Dutch and the Canadians have decided to give their aid

programmes a more commercial slant, and the U.S., leading critic of the export subsidy race, has taken powers to defend its contractors against competition. "unfair"

British industrialists argue that the UK is trailing in this race. They would like to see an ATP that was bigger (it was expected to commit about £86m this year), more speedily administered, and more commercial in its emphasis.

Government economists, and to some extent Ministers too, argue that Britain must avoid "paying countries to take UK exports away," as Prof Toye

For the government, the strategic question is how to find a system that will match the competition—even if matching may be an uneconomic way of saving export markets and jobs, while at the same time provid-ing a deterrent to an all-out

The ATP was founded in 1977 as a defensive measure against what is now called predatory financing by competitor coun-

It accounts for only about 5 per cent of the total aid budget, is subject to some kind of ceiling but is more open-ended than other government expenditures. and is not rolled forward if there is an underspend in any

Prof Toye argues that ATP has become less developmental and more commercial over the years, and predicts that it will not be long before all pretence is dropped and ATP is used to sweeten arms deals. sweeten arms deals.

The last report of the Over-seas Projects Board, an advisory group of industrialists and bankers to the Department of Trade and Industry, said the emphasis of bilateral aid (of which ATP is only a part) was

The ATP was an efficient form of export support and should take a greater share of the bilateral aid budget.

As might be expected, this Board accused the government of ambivalence, allege demonstrated by delays handling ATP applications.

By "ambivalence" they mean that the Treasury and DTI are at loggerheads—a theme picked up by the House of Lords committee on overseas trade which is collecting evidence at the moment.

There is an enswer to the practical problem, if not to the theoretical one, according to Prof Toye. Development aid and export properties entered limits export promotion cannot live to

gether, and must be separated. But if the government wants to support exports defensively in this way through a new DTI fund, it should make some new rules, enlisting the support of like-minded nations such as the

The aid should only be avail able after projects have been put out to open and competitive tender. It should be offered only if the recipient government will declare, after the bidding, who has offered cheap finance and so give the UK the chance to match.

This should ensure, says Prof Toye, that aid is only offered to support British companies that would have won the contract on a purely competitive price basis.

At present the ATP is, he says, a DTI-propelled scheme of commercial or industrial assistance. And the money has been going to "a number of ducks which, if not entirely lame, were at least experiencing certain perambulation difficulties."

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FOCUS ON OVERSEAS INVESTMENT AND CAPITAL EXPORT

NTT: Joining the Competitive Ranks

BY JUREK MARTIN IN TOKYO JAPAN DOES not believe that Ministers from the Gatt GC-18 the question of trade credits—group, including Mr Shintaro currently a thorn in the side of Abe, Japan's Foreign Minister, its relations with the UK— are to confer, and in early July, should be on the agenda of the when officials from the same proposed new multilateral trade consultative group are to discuss

Japan wants trade credit

kept out of new round

Turkey to go

fertiliser plant

By David Barchard in Ankara

TURKEY is to go ahead with

a fourth fertiliser complex at a site on the Mediterranean in a joint venture with Tunisia and Kuwait, costing a total of \$230m (£191m).

Turkish and foreign com-

venture, with the major shareholder being Petro-chemical Industries Company

of Kuwait, followed by Tur-kiye Gubre Sanayii, the state-

owned Turkish fertiliser cor-

Arab Petroleum Investments Corporation and the Arabian

Corporation and the Arabian General Investment Company will own 12.5 per cent and 7.5 per cent of the venture, with Tunisia's Industries Chemiques Magbrehines own-ing a further 15 per cent.

The project is to enjoy

exemption on all taxes and duties for machinery and equipment in the construction

of the plant and also for the importing of raw materials used in it. These will mostly consist of phosphates from

The plant will turn out up

to 1,500 tons of ammonium nitrate and 1,400 tons of

diammonium phosphate 2 day. Capacity is expected to be expanded after a few years.

Two Kuwaiti finance groups,

poration, with 20 per cent.

ahead with new

UK components group

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

AUTOMOTIVE Products (AP) and cars. In 1981 it completed

the UK-based motor components group, is to sign further technology-transfer contracts with the Soviet Union and China.

Next month AP will sign a Mr George Pears, AP's chairman and China.

Next month AP will sign a Mr George Pears, AP's chairman and the Group's annual.

final contract for the provision man, told the group's annual of technology for the clutches meeting last week that the company initialled the protocol for vehicles. This should be worth

about £5m over the period from principal range of Chinese 1988 to 1993.

source of technology for the Chinese will also buy clutches for most Soviet trucks products from AP.

It means that AP will be the £1m in the 1988-93 period and

in Soviet, China deals

und. the actual timing of the forma-Instead, it should remain in tion of the round's preparatory

Instead, it should remain in its present forum, the Organisation for Economic Co-operation and Development (OECD), according to a senior Japanese Foreign Ministry official.

He said that the Work Programme of the General Agreement on Tariffs and Trade (Gatt) had effectively ceded responsibility for trade credits to the OECD.

In general, Ministry officials, suggesting that UK "unhappiness" over the Bosporus Bridge contract stemmed mostly from "misunderstanding," did not feel any serious damage had been done to bilateral relations.

The Foreign Ministry's trade expert remained confident that the developing nations be involved to the maximum extent the new Gatt that the developing nations be involved to the maximum extent the new round. But Japan had no intention of making what he called "a down-payment" in the new round, so countries this summer, to secure their compliance, as the EEC, he said, had suggested.

The official felt that most Western Pacific nations, including the rapidly industrialising hew round, so long as it included trade in services and high technology.

Even French objections, which prevented the Bonn summit from agreeing on a target date for negotiations, was based more on specifics.

He hoped for real progress target date for negotiations, at two upcoming meetings; in were based more on specifics Stockholm on June 8-10, when than principle, he argued.

Italy's surplus

in electronics

falls by 24%

By Alan Friedman in Milan

THE ITALIAN electronics in-

dustry last year achieved a L1,702bn (£689m) trade surplus.

which is 24 per cent lower than the 1983 trade surplus for the

sector and below the 1982 sur-

Total exports, which included products ranging from data pro-

cessing to systems and electrical appliances, last year came to L12 148bn.

This is equivalent to 51.6 per

cent of total electronics turn-over for the Italian industry,

which had sales of L23,547bn in 1984, an overall rise of 17.6

BAe 'signs contract

BRITISH Aerospace has signed

a contract with Indonesia for the sale of one of its four-engined 146 jets, according to reports from Jakarta. Kieran

reports from Jakarta. Meran Cooke writes

The jet, which will be specially modified for the use of Indonesia's President Suharto, is believed to be worth about \$20m (£16.6m).

It is also believed that other sales of the 146 to Indonesia could follow. British Aerospace recently signed a contract with

recently signed a contract with China for the sale of 10 146s.

for Suharto jet'

By Richard C. Hanson n April I, 1985, Nippon Telegraph and Telephone Corporation dropped the word "Public" from its name. For 32 years, NTT, as a governorganisation, monopolised network. The impact of NTT's privatisation will be profound, inside and outside Japan. Overnight, NTT, with a work force of 318,000, became Japan's

largest private company. NTT's assets total over \$46Bn. Revenues in 1983 topped the \$20Bn level. Ultimately, up to two-thirds of the new corporation's stock will be held by the public. Under the new law, NTT retains its position as a nationwide telecom-

munications carrier. But the business of providing telecommunications services has been thrown wide open, to both domestic and foreign competition. NTT intends to be a tough competitor in its own right. That means streamlining operations, and strengthening services. For

example, NTT is expanding its Information Network System, designed to integrate a broad range of services into a single digital network. The new NTT must also establish its reputation in international capital markets, where, as a private borrower, it intends to be increasingly active. Dr. Hisashi Shinto presided over

NTT's final four years as a govern-ment entity, and has been chosen to lay the foundation for NTT's growth as a private corporation.

As a businessman with a formidable reputation, Dr. Shinto prefers the private side of the fence. His previous job was running the heavy machinery giant, IHI. His task now is to guide the rest of NTT into a private sector frame of mind.

Hanson: Over the past year or so, we have seen AT&T split up in the United States and British Telecom in the U.K. go private. Why did Japan turn to privatisation for NTT now?

Telecommunications Technology

Shinto: Privatisation in Japan has meant different things than in America or Britain, NTT has not been divided up into regional entities. On the other hand, competition for telecommunications has been made much freer than in the U.K.

If you look into the regulations governing telecommunications now and compare them to what was the case before April, you find that telecommunications was concerned only with the telephone and telegraph technology. That was established 32 years ago. However, for the past ten years or so, telecommunications technology has changed drastically, mainly because of the development of computer technology. Existing telecom-

munications facilities have been obliged to change with that technology. Applications are much wider than before. Terminals can be used to connect computers. The question we faced was how to utilise telecommunications to meet the growing needs of society. The conclusion was that since possibilities are so varied that it is almost impossible to regulate the market. The only way to make use of this new technology was to let competition develop freely. For example, there are no regulations on the types of books or magazines which can be published. That's the same condition which has now been reached in telecommunications.

Hanson: What about the timing of privatisation?

Shinto: I believe that the timing of privatisation was in fact just right for Japan. Not too early, and not too

late. Very proper timing. Hanson: Was that accidental? Shinto: It was fortunately accidental. Remember that the basic reason we privatised is that the nation ordered us to move freely, based on demand-oriented factors, just like any

other private company.

Hanson: Dr. Shinto, most of your career was spent in the private sector. What has been the key point about reforming NTT into a company along private lines?

Shinto: I think that it is mainly a matter of the speed of the transition -and changing the ways of doing things among our older employees. There are many examples of how private companies operate. We have to act that way also. As I said, it is basically a question of becoming demand oriented.

Hanson: What are the NTT's strengths in competing with private companies like NEC and Fujitsu?

> An International Buyer Shinto: We aren't a manufacturer.

We'll remain in the position of a buyer of telecommunications equipment from producers, internationally. What



President Nippon Telegraph and Telephone Corporation

we have is our own research and development capabilities. Historically, we had a monopoly on the system. The technology we developed was the only technology usable in Japan. Our R&D facilities were the focus of developments in telecommunications. Even if private companies developed their own specialised technology, they couldn't sell it in Japan without the approval of the government, that is, NTT. Under the new law, companies can develop and sell whatever they want. That's the only way we can advance our technology. NTT competes with the private companies. That

Hanson: Will there be more joint development projects with other companies? Shinto: Sometimes we may

organise joint projects, but we also have the choice now of developing technology completely for ourselves only. We want to develop the most reasonable as well as most advanced technology to use it to rationalise our own operations. We have to expand our cooperation on technology internationally, not just in Japan. We want to find good R&D partners in the United States and Europe. Hanson: What about overseas

procurement? Shinto: On the hardware side, we

are trying to import as much as possible. But it is very difficult. Foreign manufacturers who have studied the Japanese market closely know the situation. The best way is for us to jointly develop technology. It is hard to buy items off the shelf. Of course, if the dollar were to weaken considerably against the ven, a lot more items would look attractive. The problem is price in many cases, not quality.

Hanson: NTT is faced with an ongoing need to expand. What are your

priorities? Shinto: As I said, we are following the basic policies of being demand oriented. But our duty is to change existing cross-bar

exchange equipment to electronic digital switching systems. The second stage, depending on our clients' demand, is to change the existing metallic transmission lines

to optical fibre. Such basic changes require a very heavy investment. Hanson: Expansion and R&D cost money. How do you view international capital markets as a source of financing?

Sound Financial Prospects

Shinto: Even under the monopoly

system, we had a fairly free hand in raising funds in Japan and abroad. So far we have in fact raised yen 400Bn on the international markets. The biggest difference is that from April 1, we no longer have a government guarantee for our international bond issues. So we are entirely responsible for our fund raising. As a result, our behaviour is going to set the tone. Fortunately, our after-tax profit looks to be sustainable enough to pay reasonable dividends.

The other point is that there isn't any reason for us to increase our overall debt. On the contrary, we are seeking ways in which we might reduce our long-term debt. In the past four years we have cut back our debts by yen 220Bn. If you count the yen 680Bn we have contributed to the government coffers over the same

period, you get some idea of our financial situation. Of course, we now will have to pay taxes like any private company. But even so, we are confident in being able to keep our basic financial balance Howson: Is that because telecom-

munications is profitable? Shinto: More important, it is expanding. We are a "sunshine

industry. We are growing. Hanson: Since you became president four years ago, you moved to streamline NTT and its 320,000 employees. How successful have you

Management Dimension

Shinto: In any case, we can't sacrifice any employees. But under the monopoly system it was impossible even to try to streamline the use of people. Now management can move just like any other big company. Fortunately, as a "sunshine" industry there is scope for diversifying our territory by organising new ventures with domestic partners and with foreign companies. My biggest task is organising this new territory.

Up until April I, even if I had a good idea, government regulations kept me from implementing them. The government monopoly meant restrictions on our behaviour. If that situation had continued we wouldn't be able to match international developments in telecommunications. For us, it is very fortunate that this major change in the system was realised in time. We would have faced hard times

if things had continued as they were. Hanson: What will NTT look like in a few years' time? How should investors view the new NTT in the long term?

Shinto: Profit projections are acorporate secret. But we are becoming much more market-oriented. Within about ten years, two-thirds of our equity will be sold to the public. During that time we'll also be looking to increase our capitalisation. That assumes that our industry is going to continue to expand for about the next. 20 years. From a neutral point of view, I don't think we are setting out

unrealistic ideas of where we are going.

Hanson: NTT's growth rates will depend on how rapidly the economy in general develops. Will privatisation of telecommunications actually contribute to stimulating economic growth?

Stimulating Economic Growth

Shinto: If our projections are correct, then NTT will be contributing to economic growth, both in Japan and internationally. The impact will be indirect. What we are doing is putting down the basic foundation for future economic activity. My job is to lay the foundation of a new highway. The next generation will have to complete the highway.

NIPPON TELEGRAPH AND TELEPHONE CORPORATION

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exclopment.

BY RAYMOND SNODDY

THE GOVERNMENT yesterday announced a relaxation of the rules governing the reception of television programmes from low-power

As a result individuals, if they have about £2,000, will be able to erect their own receiving dishes to watch cable television channels from space.

The main business opportunity in the short term will be in providing satellite television for hotels, hospitals, military bases and small exist-

ing cable networks.
Thorn EMI has put together a package of three channels from the Intelsat 5 satellite to market under the brand name Galaxy for Satellite Systems Antenna

and the Children's Channel. The receiving equipment will be installed for Thorn by a national network of diameter, will probably need plan-

Greenwich Cablecast was already Mr Timothy Dudman, the company's managing director, said he had tems. Licences will not be given in a team of installers on 24-hour areas where a modern cable televistandby waiting for customers.

The company hopes to supply the advertised satellite equipment and programmes to hotels at an all-in cost be granted for old relay networks of about 15p a room a night. The and five-year licences for new incompany also hopes to supply sys-stallations. Both can be extended, tems to blocks of flats with more but the SMATV operators will ulti-

than 80 apartments. The Christian Television Partnership said last night it was planning to use SMATV to set up transmissionary centres in church halls and schools to receive space evan-

The long-expected government announcement on SMATV came in a written parliamentary answer from Mr Geoffrey Pattie, Minister for Information Technology at the Department of Trade and Industry. Mr Pattie said the relaxation of the rules "will provide a welcome boost to the cable industry and represents a significant opportunity,

internationally, for our equipment and programme service industries." The hope was that, with the relaxation of rules, SMATV would provide a useful interim market for the cable programme providers until a significant proportion of the

both domestically and eventually

country was cabled.

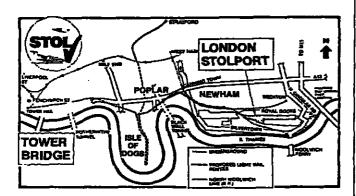
The Government decided that satellite reception by individuals or The three channels are: Screen at individual premises such as a ho-Sport. Premiere, the film channel, tel would be allowed under a Wireless Telegraphy Act licence. Dishes,

ning permission.

Where two or more premises are demonstrating satellite television in connected, the Cable Authority will south London yesterday afternoon. restrict the granting of licences to protect modern cable television syssion franchise has been awarded or

Three-year SMATV licences will mately have to give way to a broad-

band cable franchise. SMATV systems will also have to carry the four existing television channels and any future direct broadcasting by satellite (DBS)



Airport in London's dockland approved

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

A £15M PLAN to build a short take-off and landing airport (Stolport) in London's disused docklands has nessmen a faster link than the exbeen approved by Mr Patrick Jenkin, the Environment Secretary, after a long battle with environmental objectors. It will be called London's City Airport and will provide

The scheme remains subject to some severe restrictions, including a ban on helicopters and club and recreational aircraft, with tough controls on noise levels which will limit the types of aircraft that can use the Stolport. Jets and night flying will not be allowed.

Airlines such as Brymon Airways which already use quiet short takeoff aircraft, such as the de Havilland Canada Dash Seven 50-seat turboprop, have welcomed the government decision. Brymon will now expand its Dash Seven fleet sub-

The Stolport will be built by John Mowlem, the civil engineers, which will provide the cash, with the runway - little more than 2,000 long on the wharf between the now disused Royal Albert and King George V Docks. The London Docklands Development Corporation has given its approval John Mowlem will also

operate the Stolport.

isting London airports of Heathrow and Gatwick to UK regional centres such as Birmingham, Manchester, Glasgow and Edinburgh. It will also be able to offer flights to near-con-tinental European destinations such as Paris, Brussels, Amsterdam

and Frankfurt. Several hotel groups are interest-ed in building hotels close to the Stolport

Airlines which have sought route licences from the Stolport, in addition to Brymon Airways, include Manx, Spacegrand, Jersey Euro-pean, Maersk Air and Holland Air-

Now that the Stolport is to go ahead, the Civil Aviation Authority can begin public bearings into these route licence bids. Decisions will be announced in time for services to begin when the Stolport, which will take 15 months to build, becomes operational, possibly in late 1986.

The Government's decision follows a long environmental battle, including a public inquiry, and a subsequent High Court bid to block the plan, which failed. The Greater The troubles of the Minet insurance syndicates have put some personal fortunes at risk. John Moore reports

Individuals named who face losses at Lloyd's

near London's Leicester Square them of about £135,000. of London underwriting members don head hunter who was also at The increasing incidence of asbeswere contemplating their fortunes the lunch, faces personal losses of tosis litigation in the U.S. has led to since they decided to invest in Brit- £104,397. He is a member of a steer- the possibility that insurance ain's premier insurance market, ing committee which is lighting for claims could rise substantially. They were not exactly in good by- a scheme to rescue the stricken un-

The previous week they had been would be needed from the underwriting members to finance the losses, which were expected to fall in the form of insurance claims over the next 20 years.

The four underwriting members who had met for lunch on Monday faced combined losses of nearly £240,000. Two of the members were a husband and wife who had both invested in some of the same syndi-

Mr Keith Whitten, a City of Lon- ers in the course of their business. derwriting members.

"You don't join Lloyd's if you told that insurance syndicates at think you are going to lose money, Lloyd's, of which they formed a remarked one of the guests at the part, faced losses of £130m. Some hunch. "You join because you think £63.2m of funds, they had been told, you are going to make money." These are members of the troubled insurance syndicates managed

by Richard Beckett Underwriting Agencies, part of the large Minet Holdings insurance broking group. The losses they face arise from the insurance of industrial liabilities by professionals acting on their behalf at Lloyd's. Insurance cover

has been offered by the underwrit-

ing professionals for industrial

are sued by employees or custom-

In addition, the syndicates have been hit by a wave of management problems in the conduct of their affairs for the last three years. Minet ing losses of £475,450 each. Visdiscovered that former underwriting executives had misappropriated about 640m of the 1,525 members' funds. Then the syndicates face and director of Henry Anshacher trading losses last year of £40m. These were offset by an offer of £40m to compensate the members

Now with fresh trading losses at losses of £9,905.

falling on the syndicates, the members face enormous for Minet, has produced an annotat-

of personal liabilities of individual able figures in the syndicates are ance groups. members. They have to fund the losses from their personal wealth. Mr David d'Ambrumenil, a busi-

nessman, appears to be suffering the worst losses with a combined loss for four underwriting accounts of £512,891. Three members of the Shohet family are shown to be makcount Portman's losses are reported as £471,403. Mr Charles Longbottom, the former Conservative MP Holdings, faces losses of £285,998. Mr Peter Miller, the chairman of Lloyd's, who has also been a mem-

ties. The accountancy firm Neville
Russell, investigating the problems
for Minet, has produced as the problems

Russell investigating the problems

The accountancy firm Neville

Additional to the affair,

Addit nan Khashoggi is actually showing

Mr Martin Jacomb, who is to head the new investment banking operations at Barclays Bank, who faces

losses of £10,146. -The wide variation of the individual liability of the members reflects too high or because it was unneces the size of investment they have made in the syndicates. They can agree with the underwriting professionals looking after their affairs that certain amounts of business should be accepted on their behalf at Lloyd's. The smaller the volume of business accepted on behalf of the members, the smaller the profit

There are other factors which can pfluence performance for individuof Lloyd's, seek to limit their own personal liabilities through taking sures that their losses, above a cer-

Some underwriting members are angry that they were advised by their managers at Lloyd's not to take out personal stop loss insurance, either because the cost was

Of the 1,525 members of the syn dicates the bulk of the losses are falling on just 400 members who formed part of syndicate 918, one of eight syndicates managed by Miners interests. Nearly 300 members face losses of over £100,000 each and some of those include two, three or more representatives from

a single family. Weary executives of the Richard al members. They can, as members . Beckett agency are still attempting to restructure the management of the company after Minet's decision out stop loss insurance which en- to close it down by the end of the

Industry cuts level of stocks

MANUFACTURERS reduced their stocks sharply in the first quarter of this year, but they went on a buying

spree for capital equipment, accord-ing to the latest official figures. Capital investment, including assets leased from financial institutions, was 23 per cent higher in the first three months of this year than in the same period of 1984. This mainly reflected a sharp increase in assets for leasing as companies took advantage of higher capital allowances available up to the end of the last financial year.

First year allowances for capital spending to be set against corpora-tion tax were reduced in the 1984 budget from 75 per cent in 1984-85

to 50 per cent in the present year. This surge in the purchase of equipment is thought to have put extra pressure on money supply growth in recent months through nflated demand for credit by easing companies.

Demand for capital equipment recently may have contributed to manufacturers optimism about economic prospects shown in recent surveys by the Confederation of

A substantial running down of stocks after some re-stocking at the end of last year will have tended to depress industrial demand.

☐ TRACHERS' pay dispute in England and Wales is set to continue with no early prospect of settlement after unions yesterday rejected an improved offer of 5 per cent plus arbitration. They had been hoping for basis.

☐ LONDON Stock Exchange made a net deficit on its services of £3.6m in the year to March 24, against a surplus of £4.7m in the previous

☐ BRITISH Aerospace has sold its 601st BAe 125 executive business jet, making the aircraft the best-selling civil jet aircraft produced in the UK. Only the Britten-Norman Islander, with 1,000 aircraft sales, has sold more aircraft, but of much

The BAe 125 has been produced and sold from the company's factory at Broughton, near Chester, at the rate of one aircraft every fortnight since production was launched over 20 years ago. The unprecedented order-book has produced sales worth £1,400m (at 1985

D OPINION polls showing a slump in the Conservative Party's fortunes will not pressurise the Government into changing its economic policy, Mrs Margaret Thatcher, Prime Minister, said in the House of Com-

She joined with Mr Nigel Lawson, the Chancellor of the Exchequer in rejecting Labour demands that the Government should fore-London Council, local councils and cast when unemployment, which some residents' groups all objected, rose to a record 3.273m in April, will but other bodies approved the plan. | resume a downward trend.

North Sea blocks awarded

By Dominic Lawson

THE 93 North Sea blocks awarded by the Government yesterday was the largest number since the first rush of enthusiasm for offshore oil prospects in Britain. Not since the 4th licensing round in 1971-72 have so many blocks been awarded in a

single round.

The discretionary awards follow the successful completion of the first auction stage of the 9th round in January. A record £121m was paid in bids for 13 blocks - British Petroleum paying a record £25.5m for a single block, 15/18b. Awards announced yesterday

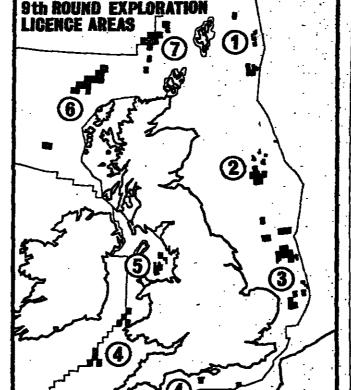
NORTHERN NORTH SEA Block 2/3 - TRICENTROL: Ex-

ploratie, Tricentrol. 3/18c - SHELL: Shell, Esso. 3/19b - SHELL; Shell, Esso. 3/23b - CHEVRON; Chevron, Lingen, Assindia, Preussag, Prem-co, Wintershall, London United, Premier Consolidated, 3/28b -CHEVRON; Chevron. 9/16 - DEMI-NEX; Deminex, Mercia, Anvil, Fourth Triton, Aran Energy. 9/17b -FINA; Fina, Texas, Neste, Coalite, Bristol Oil and Minerals, Union Jack Oil 9/18b - KERR-McGEE OIL (UK); Kerr-McGee, Charter-house, Santa Fe Minerals, Petrolex, Bricomin Exploration. 9/21 - UNO-CAL, Unocal, Texaco Britain, Norwich Union (Hydrocarbons), Saxon Oil 9/22 - TRICENTROL; Explora-

CENTRAL NORTH SEA 28/25 - AMERADA HESS (UK); Plascom. 29/2b - ENTERPRISE OIL; Enterprise Oil, Charterhouse, Norwich Union 29/6b - ENTER-PRISE OIL: Enterprise Oil, Charterhouse, Norwich Union. 29/9c -TENNECO GB; Tenneco, Agip (UK), The Norwegian Oil Co., Lennox Oil. 29/13b - MOBIL; Mobil, Enterprise Oil, Charterhouse. 29/16 -BURMAH OIL; Burmah Oil, Texas Eastern, Santa Fe Minerals, Tricentrol 29/21 - BURMAH OIL; Burmah Oil, Texas Eastern, Santa Fe Minerals, Tricentrol. 29/22b - BUR-MAH OIL; Burmah Oil, Texas East-ern, Santa Fe Minerals, Tricentrol. 29/23 - BURMAH OIL; Burmah Oil. Texas Eastern, Santa Fe Minerals, Tricentrol 29/26 - AMERADA HESS; Amerada Hess, Dow Chemical, Sovereign Oil and Gas, Coalite, Plascom. 29/27 - AMERADA HESS: Amerada Hess, Dow Chemical, Sovereign Oil and Gas, Coalite,

SOUTHERN NORTH SEA Block 43/2 - AMOCO; Amoco, ICI, Burmah Oil. 43/17 - GAS COUN-

CIL: Amerada Hess, Industrial Scotland Energy, Ranger Oil, Brit-ish Gas, Union Jack Oil. 43/18 - TO-TAL OIL MARINE; Total Oil Mazoil, Anvil, Charterhall. 44/12 - MARATHON; Marathon, Mercia, Pennzoil, Anvil, Charterhall. 44/13 - Burmah Oil, Murphy, Ocean. 106/30



Northern North Sea; 2 Central North Sea; 3 Southern North Sea 4 English Channel and Celtic Sea; 5 Morecambe Bay; 6 Rockall Trough; 7 Facroes Trough and West Shetland.

MARATHON; Marathon, Mercia, — BURMAH QIL; Burmah Oil, Mur Pennzoil, Anvil, Charterhall, 44/26 - pby, Ocean. SHELL; Shell, Esso. 44/27 - LAS-MO; Lasmo, Occidental, Thomson. 48/5 - ARPET; Arpet, Enterprise Oil, Goal Petroleum. 48/10b - CON-OCO; Conoco, Britoil, Saxon. 49/1 -CHARTERHOUSE; Charterhouse, Santa Fe Minerals, Texas Eastern. 49/2 - MOBIL; Mobil, Fina, Sover-28/25 - AMERADA HESS (UK); eign Oil and Gas, Coalite, 49/3 - Shell 204/25 - MONSANTO; MonAmerada Hess, Dow Chemical, Coulite, Unocal, City Oil, NedSovereign Oil and Gas, Coalite, 49/3 - Shell 204/25 - MONSANTO; MonUNOCAL; Unocal, City Oil, NedSanto, Petrolex, Dawsea (Now Placoum 20/2), - ENTER PRISE

Placoum 20/2), - ENTER PRISE lloyd Energy, Valor, Hampton Gold, Lennox. 49/8 – ARPET; Arpet, En-terprise, Goal. 49/9b – MOBIL; Mobil, Fina, Sovereign, Coalite. 49/30b - PREMIER; Premier Consolidated Oilfields. 53/8 - AMERADA HESS; Amerada Hess, Industrial Scotland

Energy, Ranger Oil, British Gas, Union Jack Oil. 53/10 - MARATH-ON; Marathon, Pennzoil, Mercia, Anvil. 53/12 - AMOCO; Amoco, ICL Bormah Oil. 53/17 - AMOCO; Amoco, ICI, Burmah Oil. 53/18 - TOTAL OIL MARINE; Total Oil, RTZ, Oil and Gas, Elf UK, Pict, Berkelev, 54/ 1b - CONOCO; Conoco, Britoil, Saxon. 93/2 - BRITOIL; Britoil, Amerada Hess. 93/4 - LOCHIEL; Lochiel, Wester Oil, Guinness Peat (now Guinness Mahon.), Eglinton, Osceo-la. 98/6 and 98/7 - BP; BP, Tricentrol, Premier, Carless, Clyde, Goal. 98/16 - OCCIDENTAL; Occidental, Thomson, Grand Metropolitan.

99/24 - HAMILTON BROTHERS: Hamilton, Blackfriars, Weeks, Enterprise, Hamilton Brothers, The Trans-European Co. 102/23 - CON-OCO; Conoco, Berkeley, Century Power and Light, Saxon, Union Jack, Ranger. 102/28 - CONOCO; Conoco, Berkeley, Century, Saxon, rine, RTZ Oil and Gas, Elf UK, Pict Union Jack, Ranger. 106/20 -Petroleum Berkeley, 44/11 - MAR-ATHON; Marathon, Mercia, Penn-106/24 - CONOCO; Conoco, Berkeley, Century, Saxon, Union Jack, Ranger. 106/28 - BURMAH OIL; FAEROES TROUGH AND WEST SHETLANDS

Block 202/9 - ESSO: Esso: RTZ Enterprise. 202/18 - OCCIDENTAL. Occidental 204/19 - BRITOIL Britoil, Shell 204/22 and 204/23 BP; BP. 204/24 - BRITOIL; Britoil tion). Swedish Petroleum, O. K. Murphy, Ocean. 204/29 - SOVER-EIGN; Sovereign, Amerada Hess, Trafalgar House, Dow Chemical, Coalite, Plascom. 205/8 and 205/9 -BRITOIL; Britoil, Shell. 205/14 -SHELL; Shell, Britoil. 295/16 - BP, BP. 205/17 - AMOCO: Amoco. ICL Burmah Oil, Clyde. 205/21 - AMO-CO; Amoco, ICI, Burmah Oil, Clyde

MORECAMBE BAY

Block 110/36 - TAYLOR WOOD-ROW; Taylor Woodrow Energy. Teredo Oils, Canada North West Energy, Conroy, Fynegold, Marinex. 110/6b - FINA; Fina, Texas Eastern, Neste, Bristol Oil 110/11 - CONOCO; Conoco, Berkeley, Century, Saxon, Union Jack, Ranger Oil. 113/27 - ESSO; Shell, Carless.

ROCKALL TROUGH

Block 142/28 and 142/29 - BRIT-OIL; Britoil, British Petroleum. 153/5 and 154/1 - AMOCO; Amoco, ICI, Burmah Oil, Clyde. 153/9 and 153/10 - (Same Consortium as 153/5 and 154/1). 154/2 - CONOCO: Berkeley, Century, Santa Fe Minerals, Saxon, Union Jack, Ranger. 154/3 and 154/8 - CONOCO; Conoco. Berkeley, Ranger, Santa Fe, Saxon, Union Jack. 164/25 and 165/21 - BP. BP. Britail 164/28 and 164/29 - BP. BP, Britoil. 164/30 and 165/26 -PHILLIPS: Phillips. 165/16 and 165/

Laws planned to hit drug-traffic profits

BY MARGARET VAN HATTEM, PARLIAMENTARY STAFF

LEGISLATION to seize and confiscate profits from the illegal sales of addictive drugs will be introduced in the next session of partiament. This follows publication of a House of Commons select commit-

tee report which advocates sweep-

ing changes in the criminal and civil law to facilitate the tracing and seizure of proceeds from the international drug traffic. The proposed changes would include a drastic reform of banking

law, virtually abolishing confidentiality, and would provide for the confiscation of the assets of suspected drug dealers. The committee recommends two big changes in British law, bringing it into line with U.S. law. The first

would require banks to notify the authorities of any deposit of more than \$10,000, or any smaller deposits designed to evade this rule. It would require people taking more than \$5,000 out of the country to declare the sum.

The second change would enable their connection with drug-related offences is probable and the defend-ant is unable to prove the contrary."

This reversal of the burden of proof would apply even when the defendant had been acquitted on criminal charges.

The proposals are contained in an interim report of the Home Affairs select committee, called the Misuse of Hard Drugs, which was produced at the request of Mr David Mellor. junior Home Office minister.

• Intensified law enforcement drugs.

not only the police, security services and Customs, but also the Royal Navy and the Royal Air An increase in the number of po-

lice officers seconded overseas and the appointment of police attaches with diplomatic status in key U.S. postings, such as Washington and Atlanta. Extradition treaties to enable

those involved in exporting drugs to the UK to be tried in British courts. The 11 committee members warn that, unless immediate action is taken, Britain could face a drug problem of U.S proportions in less than five years - "representing the most serious peacetime threat to

our national well being. Describing the scale of the American problem, the committee's repart notes that the best informed U.S. witnesses conceded that the drugs traffic was virtually out of

With about 5,000 new addicts be ing added each day to the estimated 12m Americans who regularly used drugs, traffickers in the U.S. were earning between \$90hn and \$100hn a year. This, the report points out put the drug industry second only to the motor industry in money

 The report notes that no amount of law enforcement appeared able to stop the bulk of drug supplies. getting through to the market. The U.S. authorities, it says, despite a "vast effort" in money and manpower, believed they could not intercept

Radical alterations to farm policy rejected

tect the countryside, despite rising the Wildlife and Countryside Actpolitical concern about alleged damage to the environment caused by

In a White Paper (policy docu-ment), it rejected criticisms levelled at the Ministry of Agriculture by a recent House of Commons committee report. It refused to commit itself to producing a more general

White Paper on the use of the courself of th It reaffirmed its support for voluntary measures to secure "a satis-

factory balance between agriculture and conservation." "The stories about continuing, unaggerations," the paper says, adding that the aim of farm policy - to Operation and Effectiveness of Part promote an efficient farming industry - is in broad terms "fully com-side Act 1981; Cmmd 9522, HMSO. patible with the objectives of con-

THE GOVERNMENT yesterday set The White Paper was published its face firmly against radical alter- in response to the Commons envirations in agricultural policy to pro- onment committee's comments on

> This 1981 law included measures to protect the countryside in national parks and specially-designated sites of special scientific interest. But it has been criticised for failing to deal adequately with the problems of the rest of the countryside.

accepted yesterday. But it also called for a fundamental change in the Ministry of Agriculture's attitude towards conservation.

The Government's approach is to mitigated and wholesale destruc- concentrate its effort on what it tion of the countryside are gross ex- calls "areas of high environmental value."

Editorial comment, Page 18

Colin Amery assesses the likely outcome of the rejection of the Mies tower scheme planned for a prime site in London

Prospect seen for building in the City on a more human scale ment Secretary by Mr Stephen National Safe Deposit Building at 1 scheme last summer, the conservathis week of Mr Peter Palumbo's Marks, is a long and detailed docu- Queen Victoria Street is praised as THE MANSION HOUSE SQUARE scheme for an office tower, de-ment running to some 150 pages. It a confident example of the Renais-

signed by the late Mies van der is by no means a totally conserva-Robe, in the heart of the City of tionist document and it is to be London offers Mr Palumbo a hoped that its wisdom will help to unique opportunity to commission another scheme which would be the polarisation of the recent demarkable series of terracotta panmore in time with current thinking about the redevelopment of cities. Mr Patrick Jenkin, the Environ-

ment Secretary, said the proposed 21-storey glass tower would have been "obtrusive." Mr Palumbo's scheme which would have included a large open square, would also have required the demolition of conservation-listed Victorian buildings. But Mr Jenkin did not rule out "acceptable proposals" for redevelopment of the six-acre site next to the Mansion House, which Mr Palumbo has acquired over a 25-

The inspector's report on the

Warred Langer of the treashabored

heal some of the wounds caused by bate over the merits and demerits els are also referred to as buildings of Mr Palumbo's scheme.

While it clearly rejects the proposals, the report offers parameters for future development of the site stand at the very heart of the City provided that it is sympathetic to and are essential for the preservathe character of the mainly Victorian heart of the City. On the site bounded by Queen Victoria Street, Bucklersbury, Poul-

Victorian office buildings The Mappin and Webb building is described as a careful and interesting handling of Gothic elements held together by an impressive scheme prepared for the Environ- broad turreted corner. The former

sance palazzo - now a very rare building type in the City. A Gothic-style block in Poultry

and a decorated façade with a re-

that should be preserved. These vigorous examples of the Victorian rebuilding of London tion of the history of its growth. If they are now refurbished there is still plenty of scope for Mr Palumbo

to build some substantial office pre-

try and Pancras Lane the inspector mises on the sites of the less distin-

singles out for retention several guished examples. The inspector quotes the example of the rebuilding of medieval towns in the Georgian periods as a useful precedent for the redevelopment on a gradual scale for this sensitive site. Clearly the recent City struc- preservation of the whole site. In



ture plan and the fact that the architectural terms the rejection of whole site is in a conservation area an outdated design by one of the has also influenced the decision. late masters of the Modern Move-It is, however, interesting that ment is something of a victory for the inspector's advice to the Secrethose who favour a pluralist ap-tary of State has not been interpreting proach to the future of city planed as a decision to order the blanket

tion pressure group Save Britain's Heritage commissioned a leading post-Modern architect, Mr Terry Farreil, to design a scheme that sible to provide the same amount of office space (178,000 sq ft) with public courtyards and shops, pubs and cales at ground level.

It is likely that this kind of approach to the site will now be adopted. In many ways it will be seen as a test case for the new approach to the City in terms of a more humanscaled environment that respects the past. The need for open space is also acknowledged, although not on the scale of the previous Mansion House Square.

At the inquiry, counsel for Mr Palumbo admitted that his client would not lose money by the refur-bishment of the buildings.

It is generally being acknowl approach and Mr Palumbo may dekept the best buildings on the site. large-scale cierical work to take developer's competition for the heart and refurbished older build Square attracted some 600 entries. ings near the Bank of England are The other approach may be to for

The most likely future for the controversial site will be a scheme don an important site that he has that follows the inspector's clearly ervation of the main listed build ings This will require a sensitive

edged in the City that there is less cide that an architectural competi-need for large areas of office space tion to attract the best architects in at the centre. New communications the world may be a constructive technology makes it possible for way out of his dilemma. A recent place on the fringes of the financial Grand Buildings site in Trafalgar

likely to be in demand as presti- low the example of the National Gallery and the Royal Opera The decision not to allow the tow- House, which have selected archier will be welcomed by conserva- tects for their new premises from tionists but it should not be seen as an invited shortlist of the best of a negative result. It offers the op British architects. Likely candiportunity for Mansion House dates include Mr James Stirling. Square to become the symbol of a now adding a wing to the Tate Galless aggressive approach to the re-building of the heart of the capital tect of the proposed new headquarters of the BBC.

Mr Palumbo is unlikely to abanthat follows the inspector's clearly stated views on scale and the pres-be hoped that new proposals will be submitted for planning approval as soon as possible



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Friday May 24 14

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terations rejected

David Fishlock, Science Editor, explains how Anglo-U.S. research collaboration on nuclear weapons helped towards a £300m factory

Aldermaston: 'enough plutonium to buy a frigate'

A SQUARE, windowless concrete box with sides the length of a footbal field is close to completion at Aldermaston. This is to be Britain's new plutonium factory, a £300m investment in advanced manufacture under virtually hermetically sealed working conditions, dedicated to the production of nuclear weapon parts, Its first task will be to make the fissle parts of the Trident warhead, the smallest nuclear weapon British scientists have

The factory represents the higgest investment for the Atomic Weapons Research airfield in Berkshire in the early 1950s, at a cost of about £80m. (Britain's first nuclear weapon, a free-fall bomb, en-

tered service in 1955.) According to Mr Peter Jones,
Aldermaston's director, and the
chief nuclear weapon designer
for its last nuclear warhead
Chevaline, the new factory is further evidence of the value of a unique Anglo-U.S. research collaboration on nuclear wea-pons dating back to 1958.

exchange information only in areas where each side has something worthwhile to con-tribute. The other is a close signs—on a warhead for the Trident D5 missile which Bri-

tain plans to buy from the U.S.
They will not exchange data
on the so-called "defensive"
or X-ray nuclear warhead the U.S. is exploring in its "Star Wars" programme, of which Aldermaston has no experience to offer. They do not make warheads for each other, or for

because of the immense scientific effort needed to design a nuclear warhead. It still takes as long to design a new one as it did 30 years ago. The amount of ingenuity you have to put into a new design is almost independent of numbers

required, Peter Jones contends. Scientists from Los Alamos, New Mexico, have provided the blueprints for Peter Jones's new plutonium factory. Several hundred will work inside the concrete box, half as craftsmen, Establishment, since it was the rest (many women among originally built, on a wartime them)—as health physicists monitoring their safety. A control room will keep continuous check on every movement of every piece of plutonium, a costly as well as a uniquely

The factory is modelled on one operating since the early 1980s, 8,000 ft high on a mesa in New Mexico. Aldermaston has a much wider role than other Defence Ministry research establishments. It also designs and tests nuclear warheads, and The success of this collaboration is founded on two important tenets. One is that
British and American scientists In fact, it has "cradle-to-grave" manufactures some of the most critical parts including the responsibility for every British

nuclear warhead. A health scare at Aldermaston in the late-1970s highlighted the understanding and shared sense fact that facilities built in the of humour among scientists 1950s were ageing. The scare and engineers. Thus they will itself, involving three laundry swap experience—but never designs—on a warhead for workers thought to have been contaminated with traces of plutonium, was a false alarm. It underscored the problem, then and still, of detecting traces of plutonium amidst all the "noise" of natural radiation.

But it sensitised Aldermaston workers and Government health officials to the fact that its plutonium manufacturing facilities were, in the words of a
former director, "getting a bit
crummy." Many plutonium erating "materials such as

It is a collaboration which operations ceased for nearly works despite a disparity of three years, despite the urgency about ten times between the U.S. and UK nuclear efforts, the time, while Aldermaston extensively refurbished

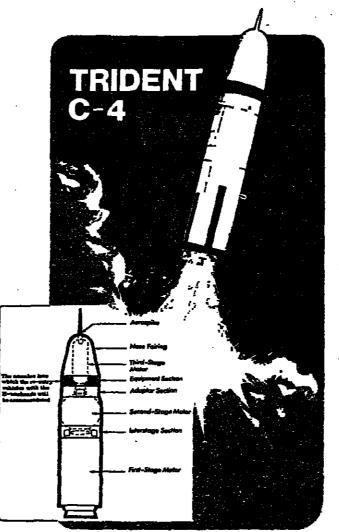
plant.
Even so, the refurbishment
was not considered adequate to undertake the strains of a new warhead programme. From 1978 it was foreseen that a major new investment must be undertaken if Britain was seriously considering a new war-head, for example to replace

At Los Alamos, the decision to replace wartime plutonium facilities in which parts for the taken in the early-1970s. Aldermaston recognised that, under the technical exchange agree-ment, it could take advantage of Los Alamos's vast experience in designing a modern plutonium factory. It also borrowed the man who built the Los Alamos

plutonium factory. Plutonium is more trouble some to work than any other metal, for several reasons. It is the most toxic of all metals, and its dust is considered a billion times more dangerous than cyanide. The escape of just a milligram into air people are breathing, on a production line handling "many kilo-grams" of metal, is a notifiable accident which must be reported

to the government. Plutonium is also pyrophoric. Dust and swarf, when hot, can catch fire spontaneously, burning to a dusty oxide. It must therefore be worked in an inert atmosphere, or under vacuum

Plutonium is fissile, which means that when a certain quantity is exceeded a violent nuclear reaction takes place which, although not an explosion, releases bursts of very penetrating radiation. Just how



lubricants or water. Plutonium movements are monitored by a system as sophisticated as air traffic control.

Aldermaston's new factory stands at the beart of a 600-acre site, surounded by its own topsecurity fence. Its raw material will be stored in small steel Not least, plutonium is costly; at £250 per gram it is 30 times the price of gold. Every fragsafes cemented into the floor of a vault at the bottom of the building. It comes partly from of British Nuclear Fuels.

In effect, the plutonium factory is a huge suction machine. in which all work on the metal is done inside about 200 sealed steel boxes. These "glove boxes" are maintained at lower pressure than the area outside where the operators stand, with their hands in the gloves, so contaminated zone. This is the pared with conventional precidangerous or "purple" zone, as they define it.

ridors, again so that any leak is inwards rather than outwards. The whole operation is sealed inside the windowless concrete

Within the steel glove boxes precision metalworking processes such as vacuum casting, numerical control machining and electron-beam welding are carried out. The raw material comes up by lift from the vault to enter an overhead conveyor serving the boxes. This conveyor is a matrix which in theory can interconnect any two of the 200-odd glove boxes in the factory.

In practice, the movement of any piece of plutonium is a remarkably sensitive matter, because of the risk of a nuclear reaction or "excursion," as the scientists say. Six people on the shopfloor must agree to every movement. Finally, their decision will be overseen by "movement controllers" assisted by a computer, tucked away in remote control room outside

the factory. The glove boxes and their contents are being designed at Sea, before being released into Aldermaston to minimise the the Thames. Studges are stored chance of retaining traces of

ed at the Sellafield factory as possible outside the box, where it is more readily serviced, and to ensure that everything inside can be reached and

cleaned by the operator. The complexity of the activity becomes clear when it is appreciated that more than 300 operations are needed to make a complete plutonium warhead component. Because of the high that air leaks into rather than cost of the metal, the added out of the plutonium value is nevertheless small com-

bey define it. Batteries of radiation monitors
The laboratories in which will warn the workforce of the these boxes are clustered are slightest leak of plutonium. In also maintained at a lower presorre than the surrounding corol of these sensors, the inside of the concrete building is being painted with a plastic costing to keep the radio-active gas radon, present naturally in the oncrete, from seeping into the factory.

Of the £307m committed to the plutonium project, the hou's share is being spent on this factory. But another big slice is for an adjacent facility to handle its radioactive wastes. These will include wastes from what in effect is a miniature chemical reprocessing plant, still to be designed, in which Aldermaston will "clean up" its old plutonium from dismanded warheads, instead of sending it to Sellafield for removal of the is a re- slowly accumulating contami-matter, nant americium, another radio-

active metal. The idea is to minimise the need to transport plutonium. Radioactive waste treatment now sprawls over 12 acres of chemical plant at Aldermaston, engineered in the 1950s. Liquid effluents are cleaned up to levels its scientists claim to be 20 times lower than those Sellafield discharges into the Irish

in a tank farm, awaiting more

old warheads dismantled by plutonsum in any form. For details of how they must be Aldermaston but mainly from example, process equipment is packaged for final disposal in freshly separated plutonium rebeing modified to leave as much Britain's new radwaste reposi-

Aldermaston also produces about 80 tonnes a year of trash tissues, cloth, plastic, etc contaminated with traces of plutonium too small to be recoverable. This has formed part of the annual Atlantic sea dump, currently suspended, so the site is obliged to store it until a final decision is made.

All of these waste management activities are to be brought under one roof in a single facility to manage maston's radwaste. include the capability to cut up into manageable portions and 'condition" for final disposal all the present radioactive chemical plant, and machinery such as lathes and furnaces from the present plutonium facility, once the new factory comes

Around its big investment Aldermaston is wrapping an electronic fence, controlled from a bunker, designed to delay any intruder long enough for the security men to investi-gate. The prototype of this fence has recently been com-missioned round its present plutonium facilities where the Chevaline warheads were made. Every inch of a double fence and the space between is under constant surveillance from a 10-screen TV console. The

camera zooms in to magnify the slightest disturbance—and frequently does, the security men say. So far it has always been wildlife seeking the greener pastures inside the

To quote one Alders asten executive the new top-security factory will have "enough plutonium to buy a frigate." The factory is scheduled to come on-stream in 1987-88, although it could take two years to bring such a complex facility to full

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By: P.F. Hubbard Managing Director

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FINANCIAL TIMES SURVEY

Friday May 24, 1985

Jordan

King Hussein has taken a bold initiative in seeking a settlement with Israel, but the outcome is uncertain. A new government faces a formidable challenge in stimulating the economy after a three-year recession and rapid decline in growth. It intends to encourage the

Full circle for peace

private and foreign sector

By Richard Johns

THERE IS a deep and somewhat sobering irony in the fact that
King Hussein should now be
embarking on a peace in
partnership exercise with Mr
Yassir Arafat aimed at a confederation between the East Bank and a Palestinian entity on occupied territory exchanged by Israel in return for peace.

Thirteen years ago the Tharteen years ago the Hashemite monarch announced a plan for a "united Arab kingdom," essentially the same formula as the one proposed under an accord concluded by King Hussein and Mr Arafat, chairman of the Palestine Liberation Organisation, on February 11 this year.

King Hussein, the great survivor and now the thirdlongest surviving head of state after the Emperor of Japan and Queen Elizabeth II is nothing if

Arab rejection of his 1972 Arab Army had been engaged provesters Chain. in the bloody civil war of 1970, but also by President Anwar the sincerity of King Hussein's Sadat of Egypt, who sub-initiative and his belief that it sequently signed a bilateral might succeed if a new atmopeace treaty with Israel consphere of moderation could be taining related provisions about created in the region, and if Palestinian autonomy on the the intransigent stance of West Bank and in the Care extrements on both sides were West Bank and in the Gaza extremists on both sides were Strip so loose as to ensure that broken down.

no such thing would materialise. Perhaps if his 1972 proposal had won majority backing in the Arab world and been adopted by the common middle ground of the international community including a U.S. then less biassed to Israel, then a better deal for the Palestinian Arab inhabitants of the reasonian Arab inhabitants of the occupied territories, and perhaps also a form of self-determination, could have been obtained more

satisfactory than any in prospect now. Subsequently, King Russein bound himself to the 1974 Arab summit decision at Rabat, recognising the PLO as the "sole representative" of the Pales-

tinian people. Having boldly resumed diplomatic relations with Egypt late last summer and reached a fulsome, for the time being, rapprochement with the PLO, King Hussein is being strongly represented in his pursuit of the supported in his pursuit of the foint initiative by President Hosni Mubarak.

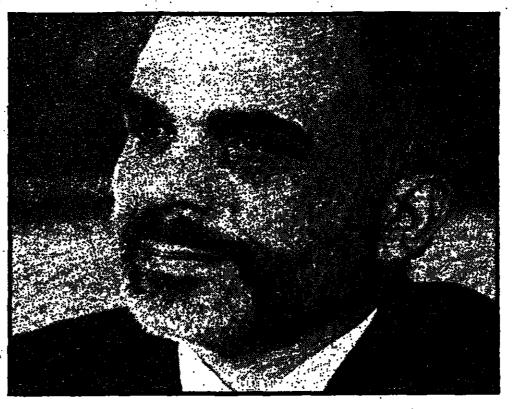
It has the approval of Jordan's war-preoccupied ally Iraq. But, disappointingly, only a typically ambivalent private solution to the Palestinian Iraq. But, disappointingly, only problem, which was also a typically ambivalent private anathema to Israel, was almost blessing from Saudi Arabiatotal. It was turned down flat for ever fearful of Syria—and not only by the PLO, with which the other Gulf states with the King Hussein's loyal Jordanian exception of peripheral strongly Arab Army had been engaged pro-Western Oman.

Perceiving the glimmer of a last chance," short-term and ong-term, the Hashemite long-term, the Hashemite monarch felt that he had no choice but to pursue it and explore the possibilities of a new "peace process."

As the Arab leader, Mr Arafat arguably apart most intimately involved with the problem of the occupied territories, King Hussein cannot easily live with diplomatic inertia relating to the issue. His direct descent from the Prophet, an important aspect of the allegiance owed to him by the House of Hashem's basic East Bank following, gives him a special interest in Jerusalem, Islam's third holiest shrine.

In 1948, his grandfather, King Abdullah, annexed the old city and the West Bank at the end of the first Arab-Israeli war, acquiring in the process Palestinian citizens and refugees. Their number increased with the loss of the West Bank and East Jerusalem in 1967 with the Israeli occupation after King Hussein's rash entry into the conflict on Egypt's side (though Jordanians argue that sooner or later Israel would have created a casus belli to conquer them).

Over half, perhaps as much as two-thirds of Jordan's popu-lation, estimated at 3.25m, including some 750,000 expatriate workers in the Gulf and refugees but not the Arab inhabi-tants of the West Bank, are of Palestinian origin. With the Lebanese state in virtual ruin, largely as a result of the Pales-tinian problem, King Hussein's regime is potentially the most could offer anything minimally world



King Hussein: the sincerity of his belief in the peace initiative is in no doubt

vulnerable to any explosion of acceptable to even the most frustration which might be stirred up by hostile Syria or fomented by Islamic funda-mentalists. Their existence in Jordan is very evident and a source of concern to King

In this context Israeli talk of the Palestinians already hav-ing a homeland on the East Bank of the Jordan river—a concept viewed favourably by some in high quarters in the U.S.—can only sound sinister to the House of Hashem, East bankers and also well-integrated, prosperous people of Palestinian origin whose loyalties were torn by the chaos and bloody events of 1969 and 1970.

Moderate

The new "peace process" is at an embryonic stage and could be easily aborted. It is difficult to see how the gap between the PLO and Israel on the issue of Palestinian representation can be bridged. Or how any negotiations if they were ever to start—even with a Labour Party majority government in power in Israel rid of the hard-line Likud—

moderate members of divided PLO mainstream.

Nevertheless, the split in the PLO, shedding it of its totally intransigent elements, the emergence of a moderate Arab axis in the heart of the Middle East, the remote possibility of a conflict-weary Israell electorate returning the Labour Party to power, having won an election on a peace negotia-tions mandate, and the landslide re-election of President Reagan, all combined to persuade King Hussein to go

The initiative must inevitably involve some risk to him if it progresses. Syria, patron of the anti-Arafat factions of the Palestinian movement. îs bitterly hostile to it and any peace momentum based on the February 11 accord can only intensify the antagonism dating back to Jordan's support back in 1980 for Iraq in the early days of its conflict with Iran when Syria and Jordan came far closer to war than is generally

Man-for-man, Jordan may still have the best-trained and moti-vated armed forces in the Arab but their weaponry tion, at the worst it is only likely servient to the government issue.

quantitatively and qualitatively has declined rapidly in relation to Syria's. And clearly the

ruling Syrian Baath Party's long-term strategy of hegemony over the region. Syria's relentless hostility has been shown by the long series of terrorist attacks on Jordanian interests and diplomatic personnel abroad. This threat is the main reason for the heavy, if unoppressive, security apparatus within the country itself—very visible in the form

of uniformed personnel and quite easily identifiable in the form of the pervasive, 20,000 strong Mukharabat, the country's internal intelligence men. Despite these precautions, this well-ordered country, in particular its capital, remains a relaxed and easy-going island of tranquility and civility in an ultra-tense region.

Internally, the new alliance with the PLO is regarded with some suspicion by East Bankers who, with the 1970 events in mind, would be apprehensive about a resurgence of overt Palestine influence as a result. Yet, whatever the future of the Jordanian-Palestinian collobora-

ON OTHER PAGES

Economy: euphoria turns to confidence Planning: need for better co-ordination Water supplies: making concerted approach Banking: readjusting to slower growth Industry: government pledge fuels optimism Agriculature: struggle to achieve right policy. Tourism: marketing co-operation brings results

He happens to command a great deal of respect and affec-tion from most of his citizens of Palestinian origin, as well as his more traditional following.

Jordan was formed as an amalgam of two very different societies, one with recent Bedouin and tribal origins and the other a far better educated, more sophisticated people of a long settled background. To a remarkable degree the two have tended to merge at middle-class level and as more Palestinians have found a common identity with East Bankers and a vested interest in the stability of the

As it is, the King's recall of the National Assembly, dis-solved after the 1974 summit, at Rabat, should be seen in the context of renewed moves to recover occupied territory.

Responsibility

As an honest man, as well as the fount of authority in Jordan, he should have been taken at face value when he spoke last year of wanting a "sharing of responsibility" to help formulation of the country's policies.

Seventeen years after the last general election, despite restric-tions on campaigning and a ban on seven political parties, the March 1984 poll for eight of 30 seats in the Lower House vacated by deceased members (which chose the seven replacements for the West Bank), proved a lively affair and showed the extent of the desire for participation in government and democracy. A total of 116 candidates com-peted and women voted for the first time. Those members returned

showed an interesting balance. They included three represent-ing traditional tribal elements, two reckoned to be left-wing Arab nationalists and two deputies of pronounced conservative Islamic leanings who have proved to be the most vociferous among a discernible opposition of six or seven-in

to strain, rather than under-controls the microphone mine, loyalty to the King. buttons.

By chance perhaps, Mr Ziad Rifai, the new Prime Minister spoke in the Senate, the appointed Upper House, of the need to reactivate the economy shortly before he and his new Cabinet were appointed by King Hussein early in April,

Outside Jordan, the general assumption has been that the Harvard-educated Mr Rifal, a childhood friend of the mon arch, was being recalled after nine years out of office primar-ily because of the joint peace initiative.

His rapport with the U.S. and by contrast friendly links with Syria, with which he helped to create a close detente in the mid-1970s, would have com-mended him to the King from this point of view. As it is, since he resumed as Premier, Syrian propaganda against King Hus-sein has been suspended and there have ben no terrorist at-

A sophisticated man, he is very much more suited to the demands of high-level international diplomacy than his prede-cessor, Mr Ahmed Obeidat, whose background was internal

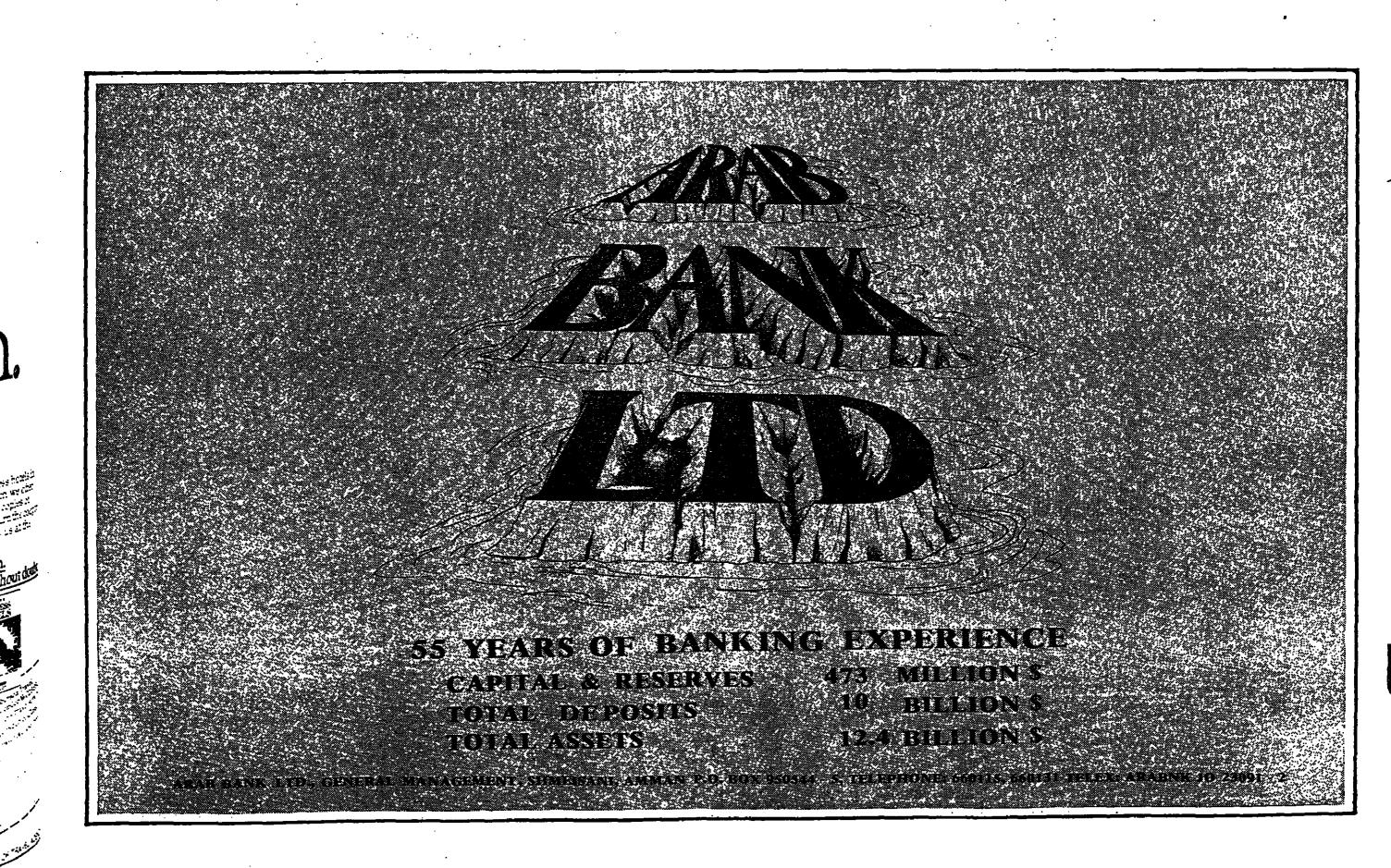
security.
In reality, the main reason for the reappointment of Mr Rifai was the deterioration in the economy and the need for imaginative, liberalising measures to help revive it in the face of a regional recession, a steep fall in grant aid from Arab oil producers and a fall in the country's foreign ex-

change reserves.

A successful farmer in the Jordan Valley, he is fully sympathetic to the private sector and was Prime Minister during the country's 1974-76 boom.

Following three years of deepening recession, the failure to appoint a more dynamic administration can only be explained by a certain complaceny engendered by the decade of growth enjoyed up to 1982, as well as the King's preocupation security and foreign affairs.

In their own way the country's economic problems are as challenging, and could prove as a House where a Speaker sub-intractable as the Palestinian



Euphoria fades but confidence remains

Economy RICHARD JOHNS

government headed by Mr Zaid Rifai was greeted with some-thing like euphoria by business

King Hussein gave his latest premier a specific mandate to reactivate the economy, stimulate the private sector and encourage foreign investment. The administration was also charged with modernising a bureaucracy heavily bound with red tape which had become increasingly the despair of the business community.
The collective inclination of

Mr Rifai and the other 22 members of his Cabinet team, of experience in the private sector and has good technocratic credentials, would cer-tainly have been pointed in that direction, anyway.

Perhaps the best indication

of that euphoria was given by the surge of activity last mouth on the Amman financial market, the well-regulated stock exchange where shares in more than 120 companies are traded. The number of contracts traded. 7,117 in all, was up 135 per cent on the March level, and the value of transactions doubled

to JD 6.17m (\$15.4m). Perhaps the biggest single boost to confidence was the decision to rescind the decree of January 1984 which said that all Jordanian banks should be under 51 per cent local majority

Nabulsi, governor of the central measure opposed as much by

For the past five years the member of the Cabinet. ingly stifled by the encroachments of the governments led successively by Mr Mudar Badran and then Mr Ahmed Obeidat. The period saw heavy an adept combination of fiscal public investment—laudable in or monetary policy, let alone itself given the need to broaden increased spending. But the the country's productive base—confidence and optimism remain

investment law.

The enterprises—potash, fertilisers, cement, glass and timber—are making losses and look a long way from profitability. A somewhat simplistic approach to economic affairs can be seen Muas from the manner in which Mr Badran, as the 1980-85 five-year plan was being finalised, arbi-trarily decided that the investment target should be raised from JD 2.2bn to JD 3.3bn.

Resentment was felt by the private sector, especially over the expansion of the government's involvement in trade in commodities other than basic essentials.

Private investment continued at a high level in 1981 and 1982, the last two years of significant growth, but slumped in 1983 and 1984. The decline coincided with the sudden fall in the economy's rate of in-crease after a decade in which national income had increased at an annual rate of about 8 per cent in real terms. The worsening of Jordan's payments and

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The decision was taken in the financial situation as Arab aid absence of Mr Mohammed Said transfer dried up may have been the prime cause but loss bank (who was abroad) who of confidence in the govern-had been responsible for the ment had much to do with it. "The change in the adminis-Jordanian as foreign banks. It tration was like lifting a ton of

Jordanian as toreign sounds. At traction was take inting a seemed peculiarly inept at a steel from everyone's chest,"

THE APPOINTMENT early in time more or less coinciding says Dr Hazem Nuseibeh, April of the new Jordanian with revision of the foreign Minister for Parliamentary Affairs The euphoria has now passed.

No one is under any illusions about the government's ability to regenerate the economy quickly either thro confidence and optimism remain but undertaken without full as the business community waits consideration of the feasibility. measures the government will

Initiative

According to Dr Musher, Minister of Supply and Industry and Trade (with the portfolios combined wisely for the first time in the search for greater co-ordination) says that there was an 8-9 per cent increase in foreign currency deposits last month. The govern-ment, he says, is very much looking to the private sector to take the initiative and will be

It has also promised to remove bureaucratic impediments facing domestic entrepreneurs and potential foreign investors. The government is in favour of "privatisation" of com-panies which the state owns entirely or in which it has equity.

The aim also is to co-ordinate much more closely monetary and fiscal policies which in the past have often seemed in con-flict. Dr Muasher, whose immediate background is private investment banking, cities as an example the way in which the central bank has attempted to hold down interest rates (the current maximum on advances being 10.25 per cent) while the government has raised customs

State trading is to be strictly limited to wheat, sugar, rice and meat. The new government, like its predecessors, apparently believes it impossible to eliminate subsidies on wheat and petroleum products (though the latter were substantially cut late last year, running at JD 15m (about \$45m) and JD 35-40m annually, according to

Import policy will continue to be aimed at protecting local industry and preventing dumping as well as raising revenue.

result of recession as of past total remittances. Those remistakes, inherited by Mr corded as going through the

The central government's budget 1980 1981 1982 1983* 1984* 507,017 598,468 627,195 681,277 705,256 Revenues 627,195 681,277 705,256 (a) Domestic 226,148 598,468 199,582 196,600 124,000 202.834 206.312 (c) Foreign 80,586 128,536 71,566 75,731 Barrowing Expected Loans & Technical Assistance Loans Repaid 612 to Central Govt. 647,100 563,144 709,722 746,151 Expenditures 693,545 448,027 (b) Capital 227,091 250.577 261,695 259,367 Deficit -56,127-48,632-66,350-28,445 -40,89520,000 19.500 Borrowing 18.000 8,000 12,000 Treasury Bills 14,000

Source: Ministry of Finance, Central Bank

kingdom.

in 1983 giving a net inflow of

JD 330m after taking into account earnings sent home by

foreign labour, almost entirely Egyptian, working in the

The picture is confused by the fact that a big volume of remittances passes unrecorded through moneychangers, but as

much as 50 per cent of the total may find its way to the West

Bank, more or less accounting for the invisible flow.

In 1984, Jordan actually managed to narrow its trade

deficit as exports rose by 60 per cent to JD 261m thanks

largely to the rise in phosphate output and its availability for

sale abroad and imports declined marginally by 3 per cent to JD 1.07bn. The central bank believes that remittances

Given the recession in the

Gulf, that is a source of some

puzzlement and possible con-

cern if the high rate was main-

of Jordanians returning home

At the same time there was a fairly drastic fall in Arab

grant aid to about JD 180-200m

as Kuwait cut its pledged con-tribution and only Saudi

tained by "balloon payments

planning to.

Drastic fall

commitment.

term capital.

as in 1983, perhaps higher.

The Jordanian dinar exchange rate is linked to the IMF's Special Drawing Rights with the aim of ensuring its convertibility and monetary stability.

* Preliminary.

The par value of the JD equals 2.579 SDR units with a margin of plus or minus 2.25 per cent. Sell/buy rates for the JD were 2.49/2.47 on May

foreign exchange reserves have been falling progressively since the high point reached in 1981. at the end of which they totalled the equivalent of JD 354m (gold holdings have been steady in the JD 60-70m range).

In 1984 there was a drop from JD 292.6m to JD 202.3m. By the end of February they were down to JD 179.9m, the lowest level since 1976 and sufficient for only about two months' imports at last year's average rate. At that point foreign assets of the commercial banks at JD 341.3m only exceeded liabilities by about JD 11m or so.

Throughout its history Jordan has had a trade deficit, and been unable to provide from domestic sources anything like its revenue requirements. It has therefore been dependent on external financing to cover its payments imbalances and budgetary deficits.

In recent years the payments gap has more than doubled from 1979 to JD 943.3m in 1983. The imbalance has been covered in this period mainly by Arab grant aid and, increasingly, remittances of the estimated 250,000 Jordanians working

At the Baghdad Summit meeting in 1978 the Arab oil producers committed \$1.25bn to ordan and in dinar terms the amount was JD 370.4m. By 1983 it had dropped to JD

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كايراكارد

المكتب الرئيسي:

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صب: (۲۱۵) عملن ـ الاربن

تلکس: ۲۱۲۶۰ ـ۲۱۷۹۶

The shortfall was more than Rifal's government is not an banking system rose from envisble one. The central bank's JD 180.4m in 1979 to JD 402.9m

seen as a prime need JORDAN, now classed as a lossmaking middle income country, has tilisers, potash and cement, been the envy of many non-oil rectifying past mismanagement producing countries of the and minimising the faults in

Better co-ordination

developing world.

It enjoyed a decade of growth, fuelled by Arab aid and the remittances of expatriate workers, averaging 8 per cent annually in real terms up until 1982. But as the oil market has sagged over the past three ears, recession has set in the Guif and as the Iraq-Iran con-flict has dragged on, the Hashemite kingdom has been forced to lower its expectations. Last year, the growth in Jordan's gross national product

dropped to only 2.4 per cent—well below that of population growth which continues to run at the very high level of 3.8 per cent to 4 per cent annually.

Now as they finalise the 1986-90 five-year plan officials acknowledge that Jordan cannot really aspire to anything more than an economic expansion equal to the demographic growth in prospect and hope, in the meantime, that there is no large-scale return of expatriate workers.

While the new government's mmediate preoccupation must be to reactivate the economy as fast as possible within the limited financial scope allowed in the longer-term, it must concentrate on making up for past investment deficiencies in several vital areas. Recognition of the need for better coordination was reflected in the decision last year to make the National Planning Council in to

a full Ministry of Planning. Full appreciation of past shortcomings predates the formation of the new administration by well

In practice, the direction of the plan being drafted for the 1986-90 period will not undergo any marked change. Rather the expectation is that a better environment will be created for the private sector, whose role in the expiring 1981-85 five-year plan was duly emphasised, to contribute to development.

Continuity of approach is reflected by the fact that Mr Abdullah Nsour, the Planning Arabia kept up its full \$353m According to independent and informed estimates, the Minister, is one of only four Ministers from the previous government to have retained deficit on current account would have been slightly in his portfolio in the new one. excess of JD 100m and the rest After a decade during which of the marked fall in foreign industry has been favoured, high priority is to be given to exchange reserves was caused by an unusual outflow of short-

agriculture and to harnes more effectively the available water resources—beyond past Last year, the country's undisbursed public debt rose to nearly JD 1bn (60 per cent owed by the public sector and governments' control as far as the Yarmouk River, the subject of Israeli and Syrian claims, is concerned. the rest guaranteed by it) about treble the amount five years ago The problem can be seen and its debt-servicing ratio rose from the wild fluctuations in the

to about 20 per cent. index for agricultural produc-Jordan's credit rating remains tion as a result of wide variaindex for agricultural producgood and the country's assets tions in rainfall. For instance, at some ID 2hn were more than the index for seeds and twice liabilities in the Bank plummeted from 262.7 in 1978

previous governments' investment decisions while pressing ahead with expansion of the profitable phosphates business. The coming plan period will

not necessarily see a start to the exploitation of the huge Shidiyah deposits. Beyond that, the aim will be to give maximum stimulation to the private sector and foreign investment but with much

investment but with much stricter regard for feasibility.
Two oil-fired 130 MW electricity power generators are to be added to the 260 MW already installed at Aqaba and the country's total of nearly 700 MW to cover a forecasted increase in maximum demand of 50 per cent from 484 MW to 730 MW during the plan period. Another two 130 MW dual-fired units, with the capacity to burn coal, are planned for installation

With the cost of crude imports running at \$600-\$650m annually, 20 per cent of the country's imports and the equivalent of the value of threequarters of exports, the search for indigenous oil sources and their exploitation is to be intensified.

aiter 1990.

The discovery, as yet only modest, of the Hamzah field in the north of the country near the Syrian border has at least

> **Planning** RICHARD JOHNS

been encouraging. The first well drilled last year flowed at 600 barrels a day, the second at 700 b/d and the third, in January, at 1,000 b/d.

Dr Hisham Khatib, Minister of Energy and Natural Resources says that it is still too early to say anything about the extent of the reserves being investigated. With the completion of seven more wells by the Romanian and Yugoslav contractors, it should be possible to delineate them. But the three wells are already supplying the 60,000 b/d Zarga refinery, supplementing the oil being pumped from Saudi-Arabia via tapline and 10,000 b/d being sent by truck from

The government does not yet consider the \$1ba project for a crude pipeline from Iraq to Agaba to be dead although made in the form of oil over the next eight years.

explored by the Jordanian Natural Resources Authority of International Settlements to 135.6 in 1979. The figure is Natural Resources Authority region, Jordan has excellent reporting area towards the end of last year.

This standing will be impaired drought years, harvested in the trade imbalance and drain on the country's foreign exchange reserves continues as previous decade and 130,700 to 1984 when which is being assisted by manpower with a high standard of general literacy but the structure of the educational system, international companies and long overdue for revision, has created imbalances. There are, exchange reserves continues as previous decade and 130,700 to 1984 when which is being assisted by manpower with a high standard of general literacy but the structure of the educational system, international companies and long overdue for revision, has created imbalances. There are, in the meanting it is press.

it has. This year's budget is a tons in 1983. In the meantime, it is press-measure of the more austere As for industry, in the public ing ahead with a full feasibility

options of in situ combustion or retorting. Reserves are put at 1.4bn tounes of which 10 per cent might be recovered. Little as yet though is known about the economics of the project. Jordan's oil consumption rose 6 per cent last year, according to Dr Khatib, when fuel sub-

sidies were cut as part of the drive to save energy and foreign exchange, The government has embarked on a major study on conservation with the aim of

curbing consumption growth to zero by 1986. Regional development will be another major objective of the forthcoming plan. In this respect Aqaba region authority, established early in 1984, is regarded as a prototype. The country's only sea port and beach resort is also likely

to be the major area of growth outside Amman and its suburbs. where as much as 40 per cent of the Jordan's resident population lives. The population of Aqaba and its immediate environs, 56,000 in 1984; is expected to increase to 67,000 by 1990 and 100,000 by the end of the century. Mr Mohammed Said Abu

Nuwar, chairman of the semi-authornous authority which answers directly to the Prime Minister, acknowledges that its work involves "a new approach to the National Development Plan." If it is successful-and it is generally reckoned to be-then the government may consider a formula of decentralised government.

As an administrative body it is self-financing with a modest budget of JD 2.5m or so and does not itself invest public funds, but is drawing up its own individual plan for the region for submission to the govern-

As the transhipment point for goods destined for Iraq, as well as the point of entry for Jordan, it has suffered much less recession than the rest of the country. Although the number of vessels calling there fell in 1984 to 2,329 from 2,454 in the previous year tonnage off-loaded amounting to 6.04m tons, nearly half of it in transit, was up on the 6.09m tons recorded for 1983.

Last year, export tonnage rose by 41 per cent to 7.18m. reflecting the surge on exports of phosphates.

Lastly, the development of manpower is second only to agriculture and water resources there seems little chance of both in terms of creating Western banks accepting Iraq's skills and adjusting the supply demand for payment being of various skills; not only to meet the needs of Jordan but also the Arab states of the Gulf. Apart from Hamazah, other That will be the responsibility areas of the country remain to of the new Ministry of Higher

By the standards of the region, Jordan has excellent previous decade and 130,700 custions with several of them, for instance, unemployed tons in 1983.

As for industry, in the public sector concentration will inevitately being carried out by skills in the middle echelons of ably be on making viable the Klochner Lurgi of West Germanagement.

Concerted approach to problem

Water supplies RICHARD JOHNS

environment in which Jordan is now living.

IT WAS a timely, if not intentional, coincidence that the Water Authority of Jordan (WHA) was created by decree in December 1963 just as the consequences of one of the country's worst droughts were becoming fully apparent.

The authority was formed by a merger of the old water supply corporation and the Amman Water and Sewage Authority to co-ordinate better development and exploitation of what is the country's vital but none too plentiful resource.

Its establishment with a board chaired by the Prime Minister bore witness to the somewhat belated realisation of the importance of a more concerted approach to the problem.

Mr Mohammed Saleh Keilani,

director-general of the JWA, says total consumption of water has reached 521m cu metres a year-120m for agriculture and 401m for domestic, industrial and other uses. That is 20 per cent above the volume estimated in 1980 and well short of the forecast in the 1981-85 five-year plan which projected 795m cu metres of which 685m cu metres was expected to be used for agriculture.

Before the present expiring plan was drafted, it was estimated by the natural resources authority that the average annual volume of water available was 1,100 cu metres, but that was apparently based on some optimistic assumptions.

More soberly, a study by
Howard Humphreys warned
that demand could exceed
naturally replaceable resources

water for irrigation or artificial

Two recent discoveries, one at Muk Heibeh and the other in the Wadi al Arab Area, both of the substantial but not fully delineated, indicate that Jordan could have could have substantial reserves of fossil water in underground wadt of significance in the acquifiers. The extent of these country in four main areas - reserves should be more clearly the Jordan Valley and Dead

A. 1112 . L. A. .

The loss of the West Bank deprived the kingdom of most of its agricultural production. Subsequently, the Jordan Valley project commenced in 1973 with the cessation of punitive Israeli attacks against the guerilia presence there until

Fed by water stored by the King of Talal Dam on the Zarqa River, the East Ghor Canal and the associated irregation network still under expan-sion, remains the lifeblood of the agricultural sector.

Tragedy

For Jordan the continuing tragedy, meanwhile, continues to be that it is still unable—and probably will be for the indefinite future—with the construction of the Magazin Dam on the Yarmouk River—which would have a storage capacity of 350m cubic metres compared with the King Talai dam's initial capacity of 52m cubic metres—because of the political dispute of sharing with both Israel and Syria.

Iraq is agreeable, in principle, to the ambitious project to build a pipeline from the Haditha Dam on the Euphrates River but it is ruled out at present because of the prohibitive cost of JD 700m.

But at least the feasibility of the scheme involving five booster stations to bring the water to a height of 800 metres, a water treatment station and 920m cu metres reservoir has

bility studies covering every

of the other larger projects identified, detailed studies should also start in the near future on the Rumail and Mukhaila which would irrigate mountainous areas on the Jordan Valley escarpment.

When ready, it will be treating 36,000 cubic metres of effuent a day. Gaps in Amman's system are in the process of being closed. A recently-completed study of 71 larger villages has identified 30 treatment of projects and the completed study of 72 larger villages has identified 30 treatment of projects in the complete study of 72 larger villages has identified 30 treatment of projects and the complete study of 72 larger villages has identified 30 treatment of projects and the complete studies and the complete studies are completed studies and the complete studies and the complete studies are completed studies and studies are completed studies and the complete studies are completed studies and the complete studies are completed studies and studies are completed studies are completed studies and studies are completed studies.

known by the end of the year, according to Mr Keilani, but he stresses the JWA's caution in exploiting irreplaceable sources of water.

Sea; the north; the west, and the eastern desert. Sir Alexbraic hand on the first phase of a major sewage treatment product one on the Malakah Dam ject at Irbid, scheduled for completion by the end of 1990. pletion by the end of 1990.

future on the Rumail and Mukhalla which would irrigate being closed. A recentlymountainous areas on the completed study of 71 larger
Jordan Valley escarpment.
While the goal of maximum
self-sufficiency in food production — in particular wheat,
barley and animal fooder—
termains constrained by the transport of the coming five
years.

remains constrained by shortage of easily available water, the government's main immediate priority is to supply all communities with piped water and — not least because of the 1981 cholera epidemic — safe sewage systems with the attendant benefits of recycling schemes for agriculture.

The biggest individual projects currently under implementation relate to these objectives.

There is, for instance, the first

At present 85 to 90 per cent of households are reckoned to be connected to piped water and putting Jordan on a par with countries such as Greece and Spain. By the end of the provided for and the plan is that every settlement should be in the system by the end of the 1986-90 plan periód.

tation relate to these objectives. 1986-90 plan period.
There is, for instance, the first
JD 52m phase of the extension of the East Ghor Canal to Swelleh on the outskirts of Amman, to increase water supplies to the capital's burgeoning population.
The Jawa is spending JD 30-40m on the first phase of Zarqa-Russeifa water and wasta

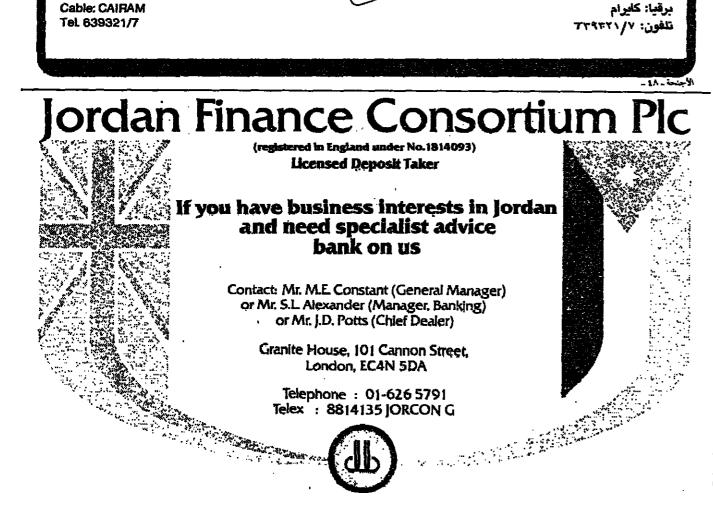


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JORDAN 3

						(p. 10)								
Fotal assets*	Arab Bank 536,498 368,591 240,316 17,465 7,177	Jordan National Bank 113,857 80,499 69,889 19,781 2,257	BBME 52,580 40,155 33,121 3,810 830	Bank of Jordan 82,188 59,790 52,957 7,268 1,886	Jordan Kuwait Bank 121,856 81,734 73,882 8,144 2,004	Chase Man- hattan 27,669 7,427 15,943 3,290 513	Cairo Amman Bank 119,226 80,310 76,348 7,718 1,991	Jordan Gulf Bank 76,031 38,335 43,948 7,768 1,293	Bank of Credit and Commerce 48,744 26,423 29,573 3,557 886	Arab Land Bank 27,462 18,455 17,198 2,763 136	Jordan Islamic Bank 102,692 79,700 63,813 4,792 893	Al-Mashieq Bank 32,663 18,185 12,315 3,330 484	City Bank 51,454 8,098 24,069 3,524 840	Petra Bank 214,086 99,556 116,379 7,815 1,571
Net profit for 1983	322	2,851	551	1,830	2,260	930	2,304	1,774	879	286	584	561	1,268	2,204
1984 Return on assets (%) Return on capital and reserve (%)	1,33 41,1	1.98 11.4	1.58 21.8	2.29 26.0	1.64 24.6	1.85 15.6	1.67 25.8	1.70 16.6	1.82	0.49	0.87 18.6	1.48	1.63 23.80	0.73 20.1
1983 leturn on assets leturn on capital and reserves (including	0.1	2.7	1.3	2.4	2.1	3.6	2.0	2.3	2.3	0.8	9.8	1.8	2.4	1.18
retained savings)	1.8	14.1	15.3	27.7	29.2	18.2	33. 4	22.9	25.6	8.8	13.6	14.7	24.86	30.01

* Assets in Jordan excluding contra accounts.
† Only JD deposits, excluding foreign currency deposits of mainly non-resident accounts.
‡ Total credit facilities including bills discounted.

& Including retained earnings.

¶ Profit before taxes.

Readjusting to a slower growth

peng published in the Amman press, show that after nearly a full decade of uninterrupted growth and rising profits, the banking system is readjusting to a new era of slower economic growth, tighter margins, more

market conditions, and deep in qualified indigenous manpower (including scores of women hankers, a few of whom were recently honoured by Queen Noor for having served for more than 25 years). In absolute terms, with total assets/liabilities of JD 2.29on (\$5.7bu), the Jordanian banking system is not among the giants of the Middle East.

But in the past decade it has

But in the past decade it has deposits and loans, but slowed hecome more sophisticated down in 1983-84 as a result of thanks to both the competitive the economic recession in the nature of the private enterprise economy and the Central Bank's

During the high growth expected years between 1976 and 1982, earnings. the local banks could meet This m virtually all the capital needs of the Jordan's industrial and services sector, with the exception of a few multi-million dinar industrial schemes that had to resort to international financing.

The banking system grew at annual rates of well over 20 per cept, in the late 1970s and early 1980s, as measured by deposits and loans, but slowed down in 1983-84 as a result of the economic recognization to the

This has pushed up banks' generally positive response to innovative proposals.

Since 1978, the banking system has been augmented by the addition of three commercial banks (to make a total of 186), two investment banks, five finance companies, three Islamic institution; and four real estate-linked savings and loan associations. There are also a handful of large pension funds and 35 insurance companies. Some of the commercial banks (of which eight are branches of foreign banks) and shands (of which eight are branches of foreign banks) and shands (of which eight are branches of foreign banks) and shands (of which eight are branches of foreign banks) and shands (of which eight are branches of foreign banks) and shands (of which eight are branches of foreign banks) and shands (of which eight are branches of foreign banks) and shands (of which eight are branches of foreign banks) and shands (of which eight are branches of foreign banks) and shands (of which eight are branches of foreign banks) and shands (of which eight are branches of foreign banks) and shands (of which eight are branches of foreign banks) and shands (of which eight are branches of foreign banks) and shands (of which eight are branches of foreign banks) and shands (of which eight are branches of foreign banks) and shands (of which eight are branches of foreign banks) and shands (of which eight are banks (of which eight are banks) (of which eight are banks (of which eight are banks) (of w The economy is thought to

JORDANIAN banks' profit-end-loss statements for 1984, now being published in the Amman press, show that after nearly a full decade of uninterrupted growth and rising profits, the banking system is readjusting to a new era of slower economic syndicated local bonds and trusted Jordan National and trusted Jordan National growth, tighter margins, more government intervention and fine past six years, the Bank showed net profits almost banks have put together syndicated loans.

In the past six years, the Bank showed net profits almost banks have put together syndicated loans.

In the past six years, the Bank showed net profits almost 20 per cent lower than the precations worth JD 132m (\$330m) vious year, at JD 2.507m and corporate bonds worth JD 85m (\$211m).

During the high growth expected to show lower net years between 1976 and 1982.

This mixed performance is explained by a general contracexplained by a general country tion in money supply (M-1 actually declined slightly last year), while demand for credit remains high, particularly from the public sector.

Banking RAMI KHOURI

This has pushed up banks' funding costs, while Central Bank directives have squeezed

ing business.

Several banks will follow the mercial banks', though they lead of Petra Bank and nitro-duce automated teller machines, ceilings on loans. to reduce administrative

expenses and generate new re-tail business. A few, including Chase and the Housing Bank, have started afternoon banking, while others, such as the Arab Bank and the Housing Bank, have opened foreign exchange branches.

Citibank, in keeping with its global policy, plans to introduce electronic banking services for its major clients,

Banks have sought to compensate for the squeezed margins by favouring government-guaranteed debt, or lepding to non-residents at a maximum allowed rate of fourteen per cent. This has tended to make credit more difficult and expensive for local borrowers, despite Central Bank attempts to make sure that local perrowers have sufficient access to credit to help

them pull out of the recession.

Bankers would like the
Central Bank to raise the celling on loan interest to allow
them to differentiate between

They expect to tap new mar-kets when revision of company law provides the legal frame-work for them to offer such new instruments as convertible bonds or floating rate notes.

Discussions are still taking place about whether some of the smaller investment houses should merge with one another, or even with commercial banks. The Jordanian-owned banks are now complying with Central Bank directives requiring them to raise their capital to a mini-mum of JD 5m (\$12.5m) by the

end of this year.

The eight foreign-owned banks assume they also have to meet the JD 5m minimum capital requirement, though their smaller in-country balance sheets relative to the bigger Jordanian banks' leads them to argue that a bank's capital should be related to its total balance sheet

The foreign banks' capitalisation requirements are still un clear, in the wake of the gov-ernment's recent reversal of an 18-month-old Central Bank directive that had required the foreign hanks to become 51 per cent Jordanian-owned by the

end of next year.
However, the Egyptian-owned Arab Land Bank looks to be the first foreign bank voluntarily to restructure its ownership, and one or two others may follow suit. It will become a joint Jordanian-Egyptian bank that hopes to capitalise on the boom in hi-lateral trade that followed the restoration of diplomatic ties

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Government pledge fuels optimism lateral trace restoration last year.

industry ANN COUNSELL

cent rise in the industrial production index, which measures volumetric industrial output.

In a period of regional decline, receding national growth rates and a soaring deficit, Jerdan's balance of payments (expected to register a record high of between JD 55m to 70m (\$137m to \$175m) for 1984), the performance of the industrial sector is a major factor fuelling optimism about the chances of recovery.

Jordan's industrial sector in general appears to have been faring respectably well despite the prevailing economic con-ditions and is likely to receive a further boost from the new Government, which has pledged to encourage industry and ex-ports as part of a declared commitment to free enterprise.
According to Mr Rajai
Muasher, Minister of Industry
and Trade, this will be done by
creating a favourable environment through an import policy
tied to the protection of local tied to the protection of local industry, encouragement of investment through the offer of tax incentives, and the development by the state of a "commercial arm for exports" whereby attaches will be appointed to embassies to promote trade in co-operation with the Jordanian Commercial

Centres Corporation.
This is currently planning to

This is currently planning to establish a financing nucleus for assisting exporters.

The basically dynamic and enterprising private sector will almost inevitably leap to take advantage of such measures, especially since it now has the advantage of relatively well developed financing mechanism and a sound infrastructure. Investment or merchant banks. vestment or merchant banks, notably the Industrial Development Bank (IDB) have made more funds available for industry—rather than the tra-ditionally speculative areas of activity such as real estate— through corporate bond issues and leastly special corporate and locally-syndicated loans. In the first quarter of 1985 the IDB extended 99 loans worth ID 299,000 to small es and manufacturing industries and in the same time

period the Ministry of Industry and Trade approved licences for 23 industries with a total capital The total number of licences for new industries during 1984 was 132, an increase of 115 per

pared to JD 160m in 1983. Airport and ... the latter may full, making healthy profits and the majority of exports are be relocated inside the port area directed towards the Arab to save costs.

common market where a host while the Government in tends to maintain its non-intermore than four times the level

In January of this yest Jordan and Egypt signed a trade protocol under which each side will export \$10m of consumer goods to the other, rising to \$20m in 1986. Akhough the volume of trade exchanges is not as high or as lucrative as the brief and dramatic surge of exports to Iraq in 1980—which peaked at JD 56.5m—Jordanian manufacturers learnt that over-extension to meet volatile markets does not pay when many companies faced liquidity problems following an 80 per cent decline in Iraqi pur-

products.

chases in 1981. . The correpreneurial spirit, however, still exists but there is increasing awareness about the need for feasibility studies and marketing policies, both of which are encouraged by the ministry of industry and trade which has become more conwastu has become more con-cerned about integrating and consolidating the industrial sector to avoid duplication and surplus capacity.

Tighter controls

Mr Mussher believes that reached tighter controls over licensing JEIC

Over 85 per cent of private sector industries are located in the greater Amman area and while the Government cannot force industries to relocate, tax being offered to encourage new industries to consider locations in different parts of the country.

The Jordanian Industrial Estates Corporation (JEIC) has recently issued tenders for the construction of Jordan's second industrial estate to be built near the northern town of Irbid. The JD 8m project will be an integrated estate with all facilities similar to the Sahaab industrial complex south-east of Amman, which has attracted several joint ventures as a result of its low rents and other

amenities. The development of free was 135, an increase of 115 per cent over 1980 figures, and representing a capital investment of JD 37m, illustrating that healthy optimism prevails as far as Jordan's industrial sector is concerned.

Another positive sign is a registered increase an exports which rose to JD 261m com-

a small domestic market of disclosures that two of the only 3m people. Recently Japan large prestige enterprises—the and Italy have emerged as exJordan Fertiliser Company panding outlets for Jordanian (JFIC) and the Arab Potash Company (APC) — incurred large losses in 1983.

With a colossal \$850m invest-ment, most of which was borne or guaranteed by the govern-ment, the ensuing public out-cry finally prompted the govern-ment to begin studies on the finances and management of public sector companies.

One move was to relocate their headquarters from the

capital to the production sites and in line with this decision APC moved its headquarters to Ghor al Safi on the Dead Sea in February. Although APC fared better

in 1984, cutting its current year losses from JD 13.84m in 1983 to JD 9.72m technical difficulties and high operating costs were cited as major reasons for the continuing deficit.

continuing desicn.

Potash output nearly doubled in 1984 rising to 486,868 metric tons compared to first-year production figures of 280,000 tons in 1983. The target for 1984 was 600,000 tons but APC foiled to receive design expective. Mithout an injection of capital it is unlikely that their target of 12m tons by 1987 will be

are required.

The Ministry is also putting emphasis on locating industries in geographically underdeveloped areas, especially the Soputi, in line with the objectives of the yet to be published 1978-80 five-year plan.

Over 85 per cent of the yet to be published 1978-80 five-year plan.

JEIC's major set-backs have been plummeting fertiliser prices and high production costs at its \$400m plant at Aqaba, JFIC has seen the price of its disammonium phosphate end product drop 43 per cent below that used in the original plant feasibility study. Aqaba, JFIC has seen the price of its di-ammonium phosphate end product drop 43 per cent below that used in the original plant feasibility study. The company's losses in 1984 were JD 12.87m this year compared with JD 5.74m in 1983.

The plant has the capacity to the company 20 000 tons of high-

turn out 70,000 tons of high-grade fertilisers but this target is subject to market demand. The possibility of barter agree-The possibility of barter agreements on the exchange of fertilisers for other commodities is under review, especially with Asian countries.

The 105,000 ton annual output capacity of JFIC's report of the plant's by-product, phosphoric poid in exclusively for

phoric acid, is exclusively for export but only \$0,000 tons were produced in 1984 because of technical difficulties.

A recent agreement to deliver 6,000 tons of aluminium floride, another by-product of the industry, has recently been aigned with Egypt and the possibility of increasing dibility of increasing di-ammonium phosphate sales to Bahrain appear to be the only two bright spots for the com-

The Jordan Phosphate Mines Company (JPMC) continues to be a source of pride in the kingdom, exploiting Jordan's main natural resource to the

have reduced most tariff barvention policy in private secriers and where Jordanian tor industries, the policy is not
duction, with 1984 output of
tors in the provisional economic
figures for 1984 is the 15 per

have reduced most tariff barvention policy in private secof 1983, the first year of production, with 1984 output of
tractive public sector industries.

Scale, otherwise mavailable in Shock waves were caused by
Jordan is the third largest phosphate rock exporter after Morocco and the U.S. In 1984 it exported 4.7m tons to 29 countries. Rising production and exports boosted company profits from JD 02.4m in 1984

after a 60 per cent rise to JD 10m in 1983. A feasibility study on the Shidiyah site in southern Jordan is currently under way and

future exploitation of the proven 1bn tons of reserves could boost exports to 9m tons annually by 1990.

Strategic

The high quality phosphates and strategic location of Shidi-yah, together with its high potential and projected contribution to southern develop-ment, is likely to speed up the closure of the Russiefel mine near Amman which is the least profitable of JFMC's three mines and which has also become an environmental concern because of its proximity to resi-

dential areas.
The merger of the Jordanian Cement Company with the South Cement Company is likely to go ahead in the coming weeks when both sides agree procedures. Local demand for cement dropped from 1.91m tons in 1983 to 1,69m tons in 1984 while competition and shrinking markets because of the regional slump in construction activity are further reasons

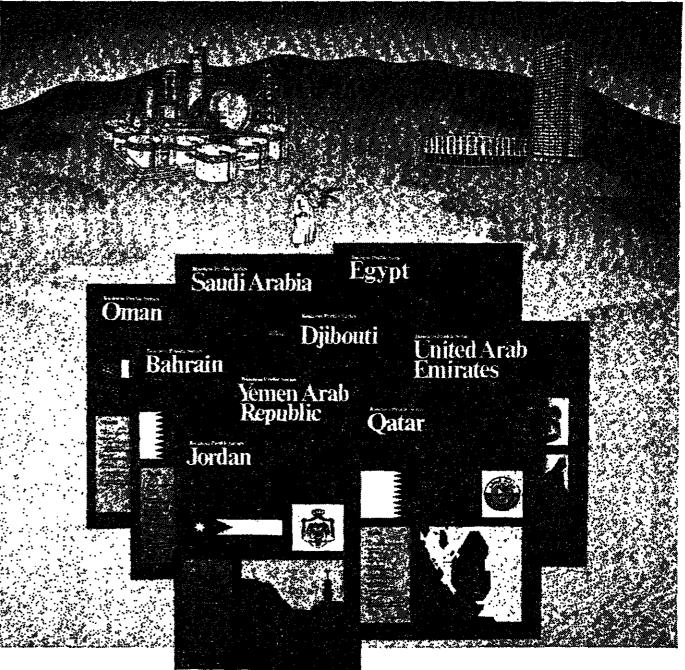
tion activity are further reasons for the merger.

In April of this year South Cement signed a 1m ton export deal with Egypt which gave the six-month-old \$224m plant a much-needed sales outlet as the combined production capacity of the two concerns is 4.2m tons per year, well over the domestic and regional demand envisaged in initial feasibility studies.

Jardan's only oil refinery in Zarga is forging ahead with

Zarqa is forging ahead with expansion plans aimed at boosting production by 250 per cent, tantamount to building a second refinery. The cost of the third expansion project is expected to reach just over JD 58m and follows an extension completed in September 1983 which nearly doubled annual processing of crude from 2.2m tous to 4.2m

tops.
With comparatively lavish investments continuing in both public and private sector indus-tries together with government plans to encourage and develop plans to encourage and develop further the industrial sector, industry could well contribute more to Jordan's GDP during the period of the next fiveyear plan, especially if a plan to rationalise energy consumption is applied to cut high operating coats and if more aggressive costs and if more aggressive marketing strategies are



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JORDAN 4

A struggle to achieve the right policy

Agriculture

ANN COUNSELL

JORDAN'S newly - appointed Minister of Agriculture, Ahmad Dakhqan, has the legacy of an ailing agricultural sector which has been plagued by inconsistent policies and ineffectual marketing strategies; problems compounded by the effects of a severe drought in 1984, the worst for 37 years. The plight of agriculture is

reflected in the provisional 1984 Gross Domestic Product figures which show that agriculture's share in the GDP was only 5.6 per cent. This represents a 9.2 per cent decline in the value added contribution from the agricultural sector, while the real decline could reach 12.5 per cent in constant prices.

Increasing criticism over the shortcomings in agricultural policy, together with concern over food security and the country's ever-widening food trade deficit, prompted the Ministry to introduce an optimal cropping

vegetable growing early this The system is an attempt to solve the problem of excess production of tomatoes, cucumbers, and aubergines, traditional favourities for farmers despite the cyclic gluts for each crop, which has cost the Ministry an average of JD 1.25m each year

pattern system for irrigated

in grower support. Under the new pattern, far-mers will be fined if they exceed their allocation of tomatoes and the maximum production of tomatoes for 1985 has been set at 242,000 tonnes, a reduction of 158,000 tonnes on current

Emphasis is on the cultivation of onions and potatoes with ambitious production targets aiming to offset combined import costs which amounted to JD 3.62m in 1984. This is the first government

attempt to interfere with grow-ing in order to regulate agri-business. The introduction of such a drastic measure was necessary because of the enormous increases in vegetable production which were not complemented by a corresponding development in marketing.

Twelve years ago, such a problem was unforeseen as only

about 10 per cent of the country's land was considered suitable for cultivation because of the low rainfall and vast areas



Nomeds and their goats beside the road to Damascus. These near-desert conditions are in total contrast to the very productive sub-tropical Jordan Valley with its high agricultural output

of steppe or desert.
The Jordan Valley, with its favourable sub-tropical climate and available water has been intensively exploited by small farmers who, using plasticulture and drip irrigation, obtained a five-fold increase in production in as many years with a further 20 per cent increase expected by

As late as March 1983, the government decided to estab-lish an official public marketing and processing organisation to handle all Jordan's agricultural produce. The JD 17m company took over the management of four grading, marketing and processing centres in the Jordan Valley which had previously been run by farmers' organisa tions and cooperatives.

A year and numerous factory breakdowns later, the company was still not operational and in April 1985 six members of the board resigned and a new administrative committee was appointed by the government.

Recently, Prime Minister Zaid Rifai's Cabinet has sug-gested that the private sector could play a more active role in agricultural marketing but both farmers and traders are cautious, aware that agricultural policy "goes in swings and roundabouts" as one private sector businessman described it "One month it is free enter

prise and the next imports and Essentially a land reclamation exports are restricted to the scheme, the project aims to re-Ministry of Supply—how can I duce soil erosion on sloping

Ministry of Agriculture offi-cials openly admit that unco-ordinated policies and lack of commodities quality control have not helped Jordan retain its traditional Gulf markets where low-cost suppliers, notably Greece and Turkey, now have a firm footing.

using hydroponics and advanced, high-cost technology, it is likely that export doors will be closing. Attempts have been made to break into the European market but here again problems of and swaiting confirmation of strong competition and fragmen-financing is an ambitious JD 30m ted sales efforts have tempered the potential.

wards greater self-sufficiency are under way to secure financ-and the introduction of the ing to cultivate an initial area cropping patterns together with of 8,600 hectares while the more emphasis on developing entire project entails growing the rainfed regions indicate that wheat, corn, barley, potatoes this is the future direction for and onions on 20,000 hectares.

Jordan's agriculture. A continuing project is the could go a long way to meeting ighland Development Pro- Jordan's shortfall in cereals. Highland Development Programme, which has just been extended for a further two years stressed the importance of inwith assistance from the World creasing wheat production and Food Programme (WFP). guaranteed state purchase of duction as high local costs can-demands.

establish outlets if everything land areas by constructing stone-can change tomorrow?" wall terraces and planting stone wall terraces and planting stone

wheat crops at prices well above those fixed by world markets. Fluctuating rainfall, the topo-graphy and the high risks in-wolved however often deter far-

mers who opt for "safer" crops

Early winter rains in October 1984 heralded an acceptable

wheat harvest for 1985 as op-

posed to the disastrous 1984 yield of less than 10,000 tournes

or one fiftieth of annual con-

Similar uncertainty prevalla regarding the cultivation of

barley for animal fodder with

production levels anywhere be-tween the 1980 high of 38,100

drought conditions.

such as lentils or chickpeas.

The WFP provides basic food commodities on a pro rata basis for work done on the land while the Ministry offers free technical assistance and cut-price fruit tree saplings.

Most of the costs are borne Also, with several Gulf States by the farmers who obtain developing their agriculture medium and long-term loans using hydroponics and advanced, from either the Jordan Cooperative Organisation (JCO) or the Agricultural Credit Corporation (ACC).

Still on the drawing board to develop the Hamad basin in Azraq near the Jordanian-Saudi The alternative is a move to- Arabian border. Negotiations

> If the scheme materialises, it Successive governments have ted feedstuffs.

petitive footing with fresh or frozen imported meet.

However, more and better lamb is on the way following Livestock Development Company in April 1985. A partner-ship of public investment com-panies, including the JCO and ACC, are about to launch a semi-intensive stock improvement and rearing programme to gradually enrich the national flock of 1.3m sheep for slaughter.

Also, the agricultural lending institutions are extending more loans for pasture and rangeland improvement in order to support the flocks.

Work has also started on a \$1.68m project to develop pastures and livestock in the Lejun area of southern Jordan. The area of southern Jordan. The government will cover half of the cost with the balance being split between the United States Agency for International Development, the United Nations Environment Programme and the Arab Gulf Fund.

The poultry and egg sectors have been pretty much self-sufficient for the past two years with occasional disruptions in the supply of broilers due largely to outbreaks of disease, insufficient slaughter houses and lack of cold storage facilities.

Veterinary health care is gradually improving. Two new slaughter houses, each with a capacity of 8,000 birds per hour, have been designed and the Ministry of Supply is expanding cold storage capacities which cold storage capacities which indicate that attention is being paid to keep the TD 120m poul-

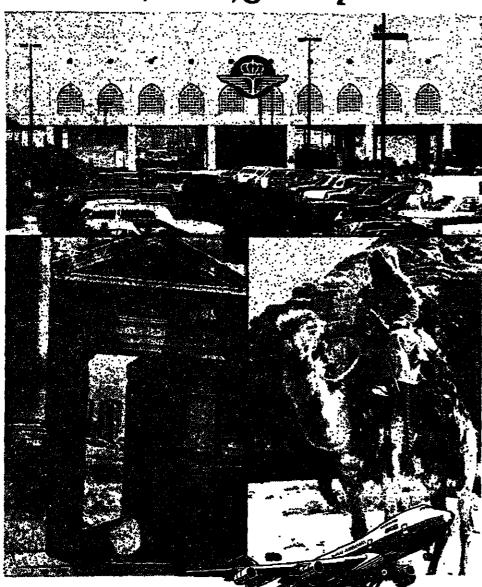
try sector in good health. A ID 6.5m parent stock poul-try farm implemented by the Arab Company for Livestock Development is due to start turning our an amusi supply of £500,000 female stock chicks this year, ensuring total broiler self-sufficiency by the end of

tonnes and the 1984 estimated production of 3,500 tonnes. The It is certainly not a lack of barley subsidy for last year is investment that has blighted the performance of the agricultural likely to be in the region of sector during the past few years as ever-increasing capital out-lays have been channelled into the limiting factors affecting the rearing and breeding of livevarious projects throughout the meat production. Jordan produces less than 30 per cent of

. The crux of the problem has its beef and lamb requirements been, and still is, a very weak owing to the lack of grazing marketing system to back up land and the high cost of imporproduction and the absence of ed feedstuffs.

Little success has been cultural policy taking into con-Little success has been cultural possion and export achieved in increasing beef pro- sideration domestic and export

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Marketing effort brings results

Tourism RAMI KHOURI

JORDAN'S TOURISM always been defined by the country's role as the gateway to the Holy Land sites in Jerusalem and Bethlehem, which have been under Israeli occupation since 1967.

While tens of thousands of tourists still spend a few days in Jordan en route to the Holy Land, especially around Christ-mas and Easter, the govern-ment's tourism strategy in recent years has sought to sell Jordan as a destination in itself.

The strategy has started to work, thanks to a more decisive and co-ordinated marketing campaign to sell the country's wide range of attractions.

This involves the Tourism Authority, the state-owned carrier Alia, the Royal Jordanian Airline, private Jordanian Airline, private hotels and the handful of the country's 190 travel agents who work closely with foreign tour

The Tourism Authority estimates that about 200,000 tourists visited Jordan last year, of which 102,000 were from Europe, 72,000 from North America and 11,500 from other parts of the world, mainly Japan and the Far East.

Travel income last year dropped slightly to JD 174m (\$435m), while Jordanian students and travellers abroad spent JD 135m (\$337m), leaving a net gain from tourism and travel of JD 39m (\$98m).

For its size, Jordan has an impressive collection of archaeological and other attractions, plus a tradition of relaxed hospitality that always to make an the foreign of the state of the s leaves its mark on the foreign visitor. The weather is sunny and mild for most of the yaer.
For those interested in his-

tory and archaeology, Jordan offers a spectacular array of sites that cover virtually every period of human development since the late Stone Age.

The Department of Antiquities, headed by Dr Adnan Hadidi, supervises the work of Hadidi, supervises the work of some 30 foreign archaeological missions who work in the country every year alongside a small but highly respected staff of Jordanian archaeologists.

Among the country's leading sites are late Stone Age villages dating from 6000-7000 BC (Beidha and 'Ain Chazal are the best known); walled towns and a long list of biblical sites from the Bronze and Iron ages;

from the Bronze and Iron ages; several Hellenistic ruins; and the unique and powerful rockcut Nabataean capital city at

Petra.
There are several Greco-Roman cities, of which Jerash,



45 minutes north of Amman World War I, which was a and the site of an annual two-favourite target for the forces week summer arts festival, i; of Prince Faisal and Lawrence perhaps the best-preserved of Arabia during the Arab Re-Roman provincial city in the volt against Ottoman rule. week summer arts festival, in perhaps the best-preserved Roman provincial city in the entire Middle East.

There are scores of Byzantine churches with some of the Holy Land's finest mossics; a string of early Islamic Umsyyad "desert castles"; a handful of imposing 12th century Crusader castles, and a lone Arab castle used by the forces of the Arab general Salaheddin (Saladin) to drive the Crusaders out of the area.

The country's wonders include the Dead Sea and the Jordan Valley (at 400 metres below sea level, the lowest spot on earth); the moon-scape-like desert terrain in Wadi Rum; the winter sun-sandand-water resort of Aqaba; and the hot springs, desert oasis and wildlife preserve at Azraq. Then there are the thermal

A series of Ottoman castles is found along the route of the Hejaz Railway, built before the Great took the Hejaz Railway, built before the Great took the laways area for tourism in the future.

enchanting, mysterious eastern desert inhabited by the seminomadic, livestocking bedou in heir goat's hair tents

More than 60 European and North American tour operators now offer all-inclusive tours to Jordan, either as a destination in itself or in combination with visits to Egypt, Syria or the Holy Land sites of Jerusalem and Bethlehem.

European visitors now spend an average of over five nights in Jordan, though North Americans tend to spend only two or three nights in the country en route to other Middle Eastern destinations.

In the past six years, Jordan-has tripled its classified hotel capacity to some 11,000 beds, half of which are in four and five-star hotels that include international names such as intercontinental, Forum Intercommental, Holiday Inn, Marriott, Trust House Forte and Mells. Houses Forte and Melia Another 3,660 beds will become available in the coming 18

The Tourism Authority's mar-keting department has con-vinced Western tour operators to expand beyond the tradi-tional Christmas/Easter seasons

and offer trips to Jordan throughout the year.

The 84-room Petra Forum Hotel, in particular, has set a new standard for high-class and rescentile articular transfer and transfer and transfer and transfer and transfer are transfer and transfer are transfer and transfer are tran reasonably-priced accommoda-tion in remote spots. It has shown that quality facilities, attractive prices and creative marketing in Europe and the Middle East can attract new visitors who are prepared to spend up to a week in Jordan.

The Petra Forum and the Forum in American Potential Potent Forum-run Amra Hotel in Amman have also pioneered the incentive tour business in Jordan, which, with the con-vention and conference mar-

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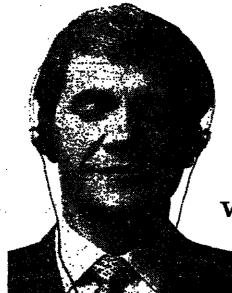
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THE PROPERTY MARKET BY MICHAEL CASSELL

City blueprint set for big changes

seems set to make major industrial and wholesaling space property owners, changes to its draft local plan, to offices and also envisaged a The proposal v the controversial document series of special policy areas, ticularly useful in transferring designed to spell out develop. Within these, small businesses ratios from conversation areas ment strategy in the Square would be protected and the to locations where develop-Mile over the next 15 years.

the City's planning committee. says that while 70 policy points opposed. included in the plan are Althous expected to remain unaltered. lobby ger 30 are likely to be changed and a few will disappear altogether. He adds: "There will be signitive by the property industry. ficant changes in some areas and The ensuing uproar has forced modifications which will favour the Corporation to rethink its

owners, occupiers and developers who claimed that its heavy emphasis on conservation threatened to stifle the City's role as a leading international financial centre.

But if Wednesday's decision by Mr Patrick Jenkin to kill off the Mansion House Square plan is being seen as a further hardening of attitudes towards development in the City, likely changes to the Corporation's planners, aware that ratios with-draft document should go a long way towards restoring the balance and to satisfying some of its most vociferous critics.

The City revised blueprint. The City's planners, aware that ratios within the City vary widely from one location to the next, are suggesting a "smoothing out" process which could include the of its most vociferous critics.

The plan criticised the transfer of ratio rights from extent to which office space has been expanding at the In the same way that air City's economy and set its sights on promoting economic diversity

ment schemes, would be

Although the conservationist lobby generally approved of the City's approach, the document was seen as impossibly restricstrategy and to consider around When it was published six 1,200 points put to it during months ago, the plan provoked the extended consultation waves of criticism from property period. Proposed revisions to the draft plan, which should be presented to the City's Court of Common Council by the end of the summer recess, will clearly expose the change of heart.

It is understood that a radical approach to the question of plot ratios—which control the physical bulk of buildings—is likely to be included in the revised blueprint. The City's

In the same way that air rights above buildings and plot ratio entitlements are now regularly sold in the United and a wide range of employment opportunities.

States, to be exploited by the
developers of adjoining buildThe document made it plain
that the City planners would believe that plot ratios in the

States, to be exploited by the
developers of adjoining buildservationist. Even so, he supings, the Corporation's planners
ports the City's determination to
believe that plot ratios in the

CITY OF LONDON Corporation resist the change of use of City could be sold off by heritage: "The draft plan has file over the next 15 years. unification of large sites, in ment restrictions were less Dr Keith Gugan, chairman of order to permit major developstringent. In this way, plot ratio policies could be relaxed

> tion strategy. It also appears as though the strained." City is read to reconsider its approach towards the concept special policy areas and whether or not it should go out of its way to impose different development ground rules in order to protect traditional occupiers in locations like the fur trade area. Dr Gugan says the City is having to ask itself whether it should be seen to be protecting particular sectors, possibly at the expense of

In addition, there is evidence that the City's determination to maintain the widest commercial profile—in type and size of business activity—could be watered down. According to Dr that the whole of the City can be supported and served by the adjacent boroughs. Some smaller occupiers may well have to consider moving further out."

The planning committee chairman has previously floated the "fundamental heresy" that height restrictions around St Paul's Cathedral should be abandoned, so he can not easily

crystallised and formalised the The proposal would be par-views we have expressed ticularly useful in transferring historically. The property industry fears that, with those views committed to paper, a planning committee which has been free to reach its own decisions and often overturned without threatening conserva- officers' recommendations would much more con-

> "There is some justification in their fears, which have been heightened by the revolution taking place in the City and the impact it will have on occupational requirements. Our task is to show a better understanding of their needs and to take them into account as we fix planning strategy for the years ahead."

 Average yields on commercial property have remained flat for the second quarter running, despite the prevail-ing high level of general interest rates, according to Hillier Parker May and Row-

The agents' all-property average yield stands at 7 per cent, against just over 5 per cent on prime investments. Prime shops stand at 3.5 per cent, offices at 4.75 per cent and industrial property at

Hillier Parker reports no change in shop yields since last November, although there are some signs of up-ward movements at the prime end of the market in low yielding, high-reuted major

More New Town sales

THE Commission for the New Towns raised over £10.6m through commercial property sales in the first three months of 1985, bringing the total to just over £57m in its last financial year.

The biggest single sale was the former Bracknell Development Corporation's offices at Farley Hall for £2.6m. Sales to tenants—who are given first opportunity to buy formed a large proportion of the deals. Commenting on the sales, David Woodhall, chief execu-

tive of the Commission, said

the momentum of sales was being maintained and that tenants were clearly appre-ciating the benefits of pur-chasing their own premises. Digital Equipment is to occupy 190 High Holborn, the 90,000 sq ft office building purchased four years ago for £24.5m by Kodak. The UK subsidiary of the world's second largest computer comsecond largest computer company is taking a 25-year lease at a figure below the asking rent of £1.45m and will spend £2m on fitting out. The UK arm of Kodak will move into in a Euston Road building developed by the National Union of Railwaymen, although Eastman Kodak the U.S. parent, will lease back four floors at High Holbern on a three-to-five tenure. Teacher Marks acted for

Kodak and Chetertons repre-

London office costs back on top

At the end of 1984, New York

In mid-town Manhattan, total took top place in the inter- costs of prime office accommo-

to firm up.

The change in placings the mid-town reffice letting between New York and London, market has softened as tenants occupation costs for prime office still far and away the most take more time to make up space in the Square Mile now expensive office markets in the their mind. "The marginal fall stand at a little over £56 a sq ft. world, is largely because of in rents is probably only. Service charges of 15 per cent increasing caution in America's temporary," he adds.

THE City of London has reamd rates of 55 per cent are financial and commercial capiemerged as the most expensive added to a basic rent of £33 a tal, where tenants are proving emerged as the most expensive added to a basic rent or zoo a confice iocation in the world, according to a survey carried last survey primarily because of space. While rents have out by Richard Ellis, the agents of lower availability of top-edged downwards, yields have quality space.

There has been only a small change in the dollar rate of took top place in the international league of accommodation costs but, while rents there have since marginally weakened, the end of 1984.

costs of prime office accommodation have failen back to under survey, so this is not a major contributing factor in the swing. Richard Sykes of Richard Ellis in New York says

Sunday trading boost for retail parks

"DEMAND for the growth of that uncertainties remain, along Prudential on part of the Maes-off-centre retailing cannot be with a lack of positive planning glas, estate at Newport, Gwent

Brian Read, commercial agency partner of Bernard Thorpe was echoing growing calls for a strategic approach to the rapid spread of retail warehousing and of warehousing parks when his firm this mark parks when his firm this week published its study of the latest retailing phenomenon.

Thorpe sees the push coming from retailers, developers and the funding institutions and reckons there is plenty of evidence to suggest that local authorities are also beginning funds as active developers to accept retail parks—both in rather than reluctant sources their capacity as landowners of finance and cites Postel—

The study defines such a park as an off-centre group of

park as an off-centre group of three or more stores selling primarily bulky, non-food goods, operating from promi-nently-sited, single storey, warehouse-type buildings with a common car park. One or more of the units will have at least 10,000 sq ft of selling

and planning authorities. The advised by Thorpe—at the Aire-report emphasises, however, side Centre in Leeds and the

off-centre retailing cannot be with a jack or properly formulated plan."

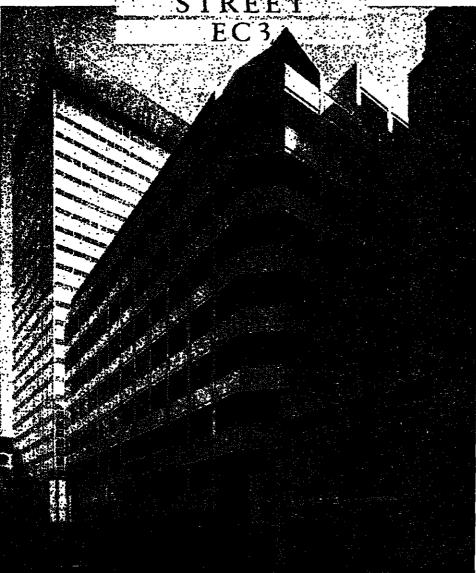
Brian Read, commercial agency partner of Bernard

Berna will involve parks providing fast-food outlets as another magnet to attract Sunday shop-

Thorpe says that if park developments produce rewards for retailers in terms of in-creased turnover, then they can also produce rewards for developers and investors. The sting in the tail?—a possible reduction in the demand from retailers for the traditional, oneoff unit which could cast doubt over their occupational and investment value.

WILLIAM COCHRANK

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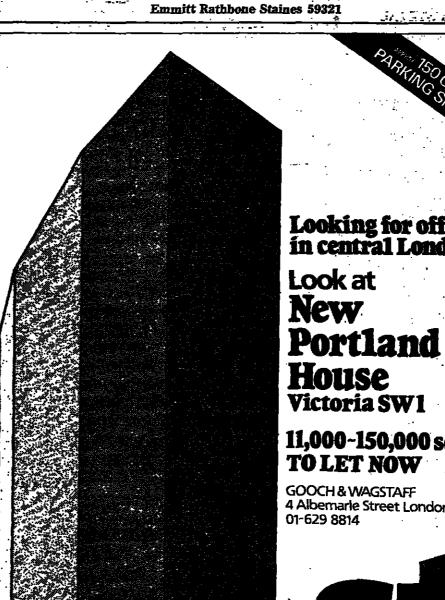
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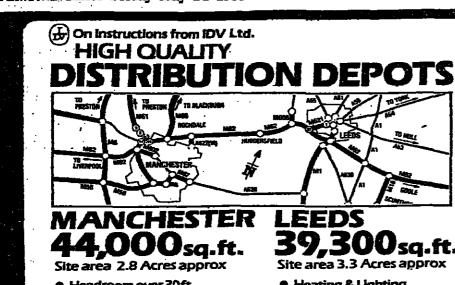
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Company Notices

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US \$50,000,000 Floating Rate Notes due 1994

For the six months
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As a consequence, the coupan pertaining
to this interest period will be US\$ 22,041.67

The Mitsui Bank, Limited Brussels Branch Fiscal Agent

Listed on the Luxembourg Stock Exchange



US\$ 250,000,000 Floating Rate Notes due May 1995

In accordance with the description of the Notes, notice is hereby given that for the initial interest period May 15, 1985 to November 15, 1985, the Notes will carry an interest rate of 10 % per annum.

The interest payable on the relevant interest payment date.

November 15, 1985 against coupon not 1 will be US\$ 511.11 for each US\$ 10,000.00.



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NOTICE OF REDEMPTION TO HOLDERS OF PEKEMA OY 84% GUARANTEED BONDS DUE 1986

Notice is hereby given that pursuant to Condition 4(b) of the notes, the Company has elected to redeem all of the outstanding notes on 3rd June 1985. The notes will be redeemed at 100½ per cent of their principal value plus interest accrued to the date set for redemption. On 3rd June 1985 the notes will

cease to accrue interest.

The notes will be redecrated upon presentation and sumender together with all appartenant coupous, if any, maturing on or after the date set for redecraption at the office of the Depository and the Principal Paying Agent, Chemical Bank, 55 Water Street, New York, NY 10041, USA or at any of the following

- Depositories: amical Bank, London, Paris; Krediethank NV, Brussels; Krediethank S.A. ambourgeoise, Luxembourg; Standinaviska Bankan, Stockholm; ekholms Enskilada Bank, Stockholm; and Dresdner Bank, Frankfurt/Mar

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Shareholders residing in the United Kingdom and Northern Freisned are entitled accordingly either to 15%.

Claim tare peld in concesse to the bitable accordingly either through the bankers to have the deduction of tax limited to 15%.

In either case, arrangements should be made through the shareholders and bankers.

NOTICE OF PREPAYMENT

CREDIT DU NORD U.S.\$50,000,000 Floating Rate Notes due 1992 NOTICE IS HEREBY GIVEN that Credit do Nord Will swappy at par on the interest payment date falling on the interest payment date falling on June 27, 1985 the total amount remaining ourstanding of the above-mentioned Notes.

Payment of interest dan on June 27, 1985 and reimbursament of principal will be made in accordance with the terms and conditions of the Notes.

Notes at conjune 27, 1985, increases from June 27, 1985.

KREDIETERANK S.A.

LUXEMBOURGEONSE

NOTICE TO THE HOLDERS OF BONDS OF THE ISSUE 74%—1973-1991 OF FFr 150,000.000 made by the **FUROPEAN COAL AND** STEEL COMMUNITY The Commission of the European Communities announces that the annual installment of Bonds amounting to FFF 5.000,000 has been parchased for redembtion on July 1, 1985. As a consequence, an drawing will be effective.

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Theatre

WEST GERMANY

English Speaking Theatre, Frankfurt, Cale Theater, Hamburger Allee 45: The Mousetrap by Agatha Christie is directed by Brian Sheehy. (069/777466). Running every evening except Mondays.

LONDON

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor.

(636 8888).

Starlight Express (Apollo Victoria):
Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Dis-neyland, Star Wars and Cats are all influences. Pastiche score nods to-wards rock, country and hot gospel. No child is known to have asked for s money back. (834 6184).

On Your Toes (Palace): Rodgers and Harr's 1936 musical is a genuine tonic. American jazz dance collides with the Ballets Russes. Gems include There's a Small Hotel, Glad to be Unhappy and the Balanchine bal-let for Slaughter on Tenth Avenue. (437 6834).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Mer-rick's tap-dancing extravaganza has been rapturously received. American Clare Leach is a real find as Peggy Sawyer, and Margaret Courtenay has a field day (836 8108). Other Places (Duchess): Colin Blakely and Dorothy Tutin in a reassembled

trilogy of Pinter plays: A Kind of Alaska in which a victim of sleeping sickness awakes after 29 years, Vi toria Station, a funny throw-back to Pinter's early revue sketches, and last year's One for the Road, a chilling piece of intimidatory police state confrontation with first Pinteresque intimations of political despair. (836 8243). The Government Inspector (Olivier):

Striking but unfunny revival with under-equipped TV comic Rik May-all playing the poseur as a shrieking nose-picker. Richard Eyre's produc-tion for the NT lacks either comic tension or true delirium but, with John Gunter's imposing design of bureaucratic bund, the show has a sort of monumental starkness as well as nightmarish tedium. New translation by Adrian Mitchell, (9282252).

Barnum (Victoria Palace): Michael Crawford returns to London with his breathtaking performance as the circus impresario, adding one or two new tricks in a likeable meringue of a musical. (8341317, credit cards 8284735).

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immode celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Dreamgiris (Imperial): Michael Ben-

nett's latest musical has now be come a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, à la Supremes, without the quality of their music. (239 6200). Brighton Beach Memoirs (46th St):

The first instalment of Neil Simon's mix of memories and jokes focuses on a Depressionera Jewish house-hold where young Eugene falls awk-wardly in love with his cousin.

(221 1211). Chorus Line (Shubert): The longestrunning musical ever in America running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions.

(239 6200).
The Real Thing (Plymouth): After 14 months in London, Tom Stoppard's latest giggle at the English intelligentsia, with a new-found attention to the heart that beats beneath the veneer, directed at a fast clip by Mike Nichols. (239 6200).

mine (Niconis. (239 0200).

Sunday in the Park with George
(Booth): Inspired by the Seurat
painting, Stephen Sondheim Iashions a musical with dots and dashes of song that end too soon but work well with Tony Straiges's pretty set and James Lapine's book which changes gears in the second act (239 6262).

Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to cap-ture the feel of the sweet and hilar-

and gaudy chorus numbers. (7572626). (Torch Song Trilogy (Helen Hayes): Harvey Fierstein's touching and funny recollections as a drag queen add up to the best histrionic Sarah Bondwardt sole on Bondward tole on Bernhardt role on Broadway today.

WASHINGTON

Count of Monte Cristo (Eisenhower) The second production of Peter Sel-lars' new American National Theatre company is the James O'Neill version of this swashbuckler. (2543870).

Exhibitions

Nanles: Capodimonte Museum: The

Age of Caravaggio: This huge and highly successful exhibition moves this mouth from the Metropolitan in Merisi, better known as Caravaggio (the name of the town near Milan where he was born four centuries ago) led an anguished life; a born outsider, licentious, violent and always in trouble with the authorities. His powerful and super-realistic paintings offended the conventionally pious. That they survived is thanks only to a handful of rich and discriminating patrons. Until End of

Genoa, Palazzo Della Commenda: Japan - The Avant-Garde of the Future: Antique Kimonos from Kyoto form part of the historical section of a huge exhibition of contemporary Japanese art at various centres in Genoa. The series of early Japanese erotic prints (from the Museo Chiassone) - shown here for the first time olic - form an amusing contrast with Halime Sorayama's sexy robots (at the Teatro Falcone), which are everywhere in Italy at the moment advertising a well-known

make of car. Until mid-June. LONDON

The Saatchi Collection: Charles and Doris Saatchi have been collectors of contemporary art since 1970. The catalogue of their collection, The Art Of Our Time, is being published volume by volume, and a gallery estab-lished to make it available to a wid-er public. The gallery is an astonisher public. The gallery is an astonish-ing converted paint warehouse at 98a Boundary Road. NW8, that of-fers more exhibition space for tem-porary shows than any other gallery in London, except perhaps the Tate. There are to be three or four shows There are to be three or four shows a year, of a few artists at a time. Those now being shown are Cy Twombly, Brice Marden, Andy Warhol, Don Judd, and Richard Serra. The gallery is open on Fridays and Saturdays between 12 and 8, or by appointment, (6248299).

he Hayward Gallery: Degas: The Painter as Printmaker - an Arts Council exhibition of the complete oeuvre of his etching and lithogra-phy with a small but representative group of his monotypes. For so pro-lific an artist, his output as printmaker was extremely small and his practice intermittent. This was a private and experimental aspect of his work, hardly known beyond his immediate circle. By it we catch an intimate glimpse of the artist most un selconsciously teasing and push-ing his ideas under no more pres-sure than his inventiveness and

Renoir: An important exhibition of the most sensuous of the impressionist painters, who never tired of glorify-ing the nude feminine body captur-ing the light, comes to Paris from the Hayward Gallery, London, It consists of some 125 positions and consists of some 125 paintings and 50 Drawings, including Le Bel du Moulin de la Galette and Le Danse à

Bougival, Grand Palais, Closed Tue.

Ends Sept 2 (281 5410)

James Tissot: A nostalgic evocation of the charms of Edwardian life, with his fashion-plate perfection in ren-dering ladies' rustling dresses and tive dandies at various social occasions. This show arrives in Paris from the Barbican, London. Petit Palais. Closed Mon. Ends Jun 30.

WEST GERMANY

Cologne, Kunsthalle, Josef-Haubrich-Hof I: "Ornamenta Ecclesine." To underline the importance of the romanesque churches, the Cologne Schnüttgen museum has organised an exhibition of roughly 600 religious works ranging from 11th to 13th century including illuminated manuscripts and gold artifacts. Ends June 9.

Emos June s. nuttgart, Staatsgalerie, Konrad-Adenauer Strasse 30-32: The Ger-

Corot to Picasso

The three-storey Town House gallery of Robert Schmit in Paris presents a range of French masters of the 19th and 20th century. On the ground floor is an important Degas pastel La Conversa-tion, where the painter manages to convey, against a spring like green background, the confiding mood between a more mature women and a young girl. There is also a Van Gogh unusual both for technique and the theme of the Seine painted in different shades of blue with brown and pink as

counterpoint. On the first floor the sunshing omes in with Vuillard, Bonnard and Duffy. In one of the rooms the two friends of the Bateau Lavoir time face each other - Picas so with a large Buste d'Homme and Braque with an equally large still life Le Banc in browns, blacks and yellows. There is a dreamlike landscape by Balthus and a powerful seaside one in strong blue, red and white by De Stael. It can be yours for FFr 2,700,000 (£228,136) as can the Braque for FFr 2,800,000 and the Picasso for FFr 3,500,000. Galerie Schmit, 396, Rue Saint-Honore

(260 3636). Ends July 20. Magda Hamsher

man romanticist Caspar David Friedrich (1774-1840). Ends May 26. Dissektori, Städtische Kunsthalle, Grabbeplatz 4: Masterpieces of the 20th century, from the private col-lection of the German industrialist Thyssen-Bornemisza, are on show. Works by Manet, Gauguin, Bonnard, Mondrian, Picasso, van Gogh, Schwitters as well as Russian Kon-struktivists. Ends Jun 6.

BRUSSFI S

Hotel Metropole is celebrating its 90th year and in its splendid fin de siècle public areas, worth a visit

1. 1115

ting glass and objets d'art from the Belle Epoque to Art Nouveau including works by Wouters, Gallé and Daum. Also on show are a collection of illustrated menu cards including a Press Banquet in 1893, Congo in 1898 and Sarah Bernhardt in 1898. Ends

NETHERLANDS

Paul Klee at the Commanderie van Sint Jan Museum in Nijmegen. 69 paintings, watercolours and drawings covering the years 1906-39 on loan from the holdings of the Kunstsammlung Nordrhein-Westfalen. Ends Jun 23.

VIENNA

Vienna 1870-1930: Dream and Reality: The greatest names of the Viennese fin-de-siècle – Klimt, Otto Wagner, Schiele, Kokoshka, Aldolf Loos, Joscriper, manuscripe, remou 1005, su-sef Hoffman - in a dazzling display of Jugendstill creative genius. The attempt to integrate the artistic achievements of this era with philachievements of this era with philosophical developments (notably Wittgenstein but also Freud) and political transformations (the emergence of municipal socialism on the ruins of Baroque splendour) is ambitious and only partly successful. The complex tension between autocratic and censored reality on the one hand and the illusions or fantasies of individual artists on the other is hinted at but not fully explored. A high point of the show is a reconstruction of Hoffman's room at the secession exhibition of 1902. Here, triumphantly restored, is Klimt's fifty-foot Beethoven trieze depicting humanity's progress through suffer-ing to joy on the theme of the Ninth Symphony. Displayed exactly as in-tended, this alone is worth a special visit. Kunstlerhaus. Ends October 6.

Metropolitan Museum: 30 objects from the period between the 1851 Crystal Palace Exhibition to the 1900 World Fair in Paris demonstrate the show's theme of Revivaland Explorations in European de-corative arts. Ends Sept 5.

WASHINGTON

National Gallery. Ancient Art of the American Woodland Indians in-cludes 151 pieces covering 5,000 years of sculpture, ceramics, copper and shell objects of the native Americans who lived in what is now the eastern half of the U.S. Ends

Aug 4. National Gallery (West Bidg): 36 old master paintings from the Dulwich Picture Gallery are exhibited under the title Collection for a King, in-cluding works by Rembrandt, Van Dyck, Canaletto and Gainsborough, Ends Sept 2.

Art Institute: Though Edouard Manet made etchings primarily to repro-duce and publicize his paintings, he developed a unique style as shown in the 27 etchings in this special ex-hibit of more than a third of his total

Opera and Ballet und Zimmermann features Jutta

Turandot under Michel Plasson's musical direction comes into its own on the world's largest scene in Palais Omnisports. The blend of oriental magic with the fantasy of comme-dia dell arte can be expressed by vast colourful movements of ensembles - there are 650 artists and by grandiose scenery imagined by vittorio Rossi. The orchestras and choirs match the display by their quality. Palais Omnisports. Paris Bercy (341 7204, 341 0437).

Un bal masque alternates with Soirée de Ballets – Lully's Baroque Quelques Pas Graves de Baptiste conducted by Jean-Claude Malgr choreography Francine Lancelot Adam's Giselle conducted by Andre Presser, produced by Mary Skeaping after Petipa with Paris Opera's Stars at the Paris Opera (7425750)

WEST GERMANY

Berlin, Deutsche Oper: Premiering this week is Ravel's rarely played tins week is Ravers rarely played by Snut Sommer and has Catherine Gayer and Peter Maus as leads. Boris Godunow has fine interpretations by Martti Tatvela in the title role. Pelleas and Melisande, sung in French, is steered to trhumph with Karen Armstrong and Ryland Da-vies in the leading parts (34381). Hamburg, Staatsoper: Die Meister-singer von Nürnberg brings togeth-er Beatrice Niehoff, Hans Sotin, Hermann Prey and Kurt Moll. Zar

LONDON

Katia and Marielle Labeque, pianos, with the Orchestra of St. John's,

Smith Square conducted by John Lubbock. Mozart and Saint-Seens

loyal Philharmonic Orchestra con-ducted by Antal Dorati with Barry

Chopin and Debussy. Barbican Hall

(Tue).

Murray Perahia, piano: Bach, Beethoven, Bartok and Chopin. Royal Festival Hall (Wed).

PARIC

hristian Larde, flute, Huguette Drey-

fus, harpsichord: Bach's Integrale of Sonatas for flute and harpsichord (Tue). Saint-Severin Church

Sonaras for nuce can an annual Church (Tue). Saint-Severin Church (5637480). Gaurizio Pollini, piano: Bach (Tue, Thur). Théâtre des Champs Elysées

(7234777).
Paris Ensemble of Wind Instruments

and Sylvie Dugas, plano Telemann, Charpentier, Tibor, Dvorak (Tue). Opera Comique (2960611). Orchestre de Paris' Mozart Festival:

Daniel Barenboim as conductor and piano soloist, Radu Lupu, piano.

Richard Amner, piano - sonata and

Barbican Hall (Mon). (638 8891).

Music

Renate Inloff and Kurt Moll. Boris Godunow, in a concert version, is worth a visit with Gabriele Schnaut and Kurt Moll. (351 151).

LONDON

Royal Opera, Covent Garden: La Bo-hème, one of the most revived of Covent Garden operas, comes back with an almost completely new cast - Gabriela Benackova and Denes Gulyas (London debut) as Mimi and (Musetta). The first conductor of this production, Silvio Varviso, re-turns to the house. Further perfor-mances of Samson at Dalila with Placido Domingo and Agnes Baltsa. From Monday, the week is given over to the latest series of Covent Garden Proms, which this year also

includes the recital by Frederica von Stade. (240 1066). English National Opera, Coliseum: Further performances of the new production of Tippett's Midsummer Marriage, one of the most abundant and beautiful scores of the 20th cen-tury, and last of the current run of The Marriage of Figaro, with Richard Van Alian, Jane Leslie Mak-leenzie, and Diana Montague.

NETHERLANDS

Netherlands Opera in Tosca, directed by Lotfi Mansouri, with the Amsterdam Philharmonic and the Opera Choir under Bohumil Gregor. Martina Arroya as Tosca, Vladimir

concertos (Wed, Thur). Salle Plevel

concertos (Wed, Thur). Salle Pleyel (5630740). Nicanor Zabaleta, harp, Narciso Yepes, guitar. Padre Antonio soler, Alan Hovhaness, Xavier Montsal-vatge (Wed, Thur 6.30pm). Théstre de la Ville (2742277).

NETHERLANDS -

Amsterdam, Concertsebouw, Recital

Hall: An evening of Indian music and dance with Narendra Bataju, si-tar, Ustad Zamirahmad Khan, tabla, and Irshad Hussain Khan, tanpura

and Irshad Hussain Khan, tanpura (Mon); Bob van Asperen, harpsi-chord. Bach (Wed); The Utrecht Conservatory String Orchestra under Eli Goren. Avison, Mozart, Webern, Bruckner (Thur). (718345).

Rotterdam, De Doelen. Recital Hall: Daniel Wayenberg, piano, with the Daniel Quartet and soloists. Thomas Fried.

as, Franck, Saint-Seens (Tue).

Henri Soudant conducting the

Utrecht Symphony Orchestra, with Eliane Rodrigues, piano Beethoven (Wed). (314544).

VIENNA

Vienna Hofburg Orchestra conducted by Gert Hofbsuer: Waltzes and Light Opera. Musikverein. (Thur).

(658190).

Bach Concert with the Gachinger Kantorei and the Bach Collegium of Statigart conducted by Helmuth

(142911). Utrecht, Muziekcentrum Vredenburg.

Popov as Cavaradossi and Henk Smit as Scarpia (242311). Insterdam, Brakke Grond Theatre. (Nes 45). The Kleine Opera with the (Nes 45). The Kleine Opera with the world premiere of Meraviglia by Roland Voortman, with an English libretto by Christiaan M. van der Eijk. Directed by Jeroen Lopes Cardozo and conducted by Roderick Shaw. Lucia Mecuwsci in the title role of an ageing diva who exists solely in the imagination of an an-

thoress, sung by Marianne Blok. Ends June 1. (240394). VIENNA:

Steatsoper: Il Trovatore conducted by Guadagno with Bonisolli, Bor is Goduonov; Aida, Romeo and Juliet ballet by Prokofley.

(5324/2655).

Volksoper: Lahar's Das Land Des.
Lachelns conducted by Bihl; Orpheus in the Underworld; Le Bobème, Die Kluge. (5324/2657).

NEW YORK

American Ballet Theatre (Metropolitan Opera House): Mikhail Baryah-nikev and-company, including Natalia Makarova, Cynthia Gregory, Patrick Bissell and Clark Tippet. dance a mixed programme from their eight-week repertory. Ends June 15. Lincoln Center (362 6000).

WASHINGTON

fetropolitan Opera (Opera House).
The American tour includes repertory performances of Lohengrin, Cosi fan totte and Simon Boccanegra.

Rilling Bach, aut. ... mans Mozart Saal (Tue). With Arleen Auger, sop-rano. Bach's Der Himmel Lacht, Konzerthaus Mozart Saal (Wed). Vienna String Quartet. Beethoven, Schubert and Mozart. Schubertkirche Lichtental, Markigasse 40.

SPAIN

Bilbao: Teatro Buenos Aires: Dallas Symphony Orchestra conducted by Eduardo Mata. Schubert, Lees and Mahler (Tue). Barcelona: Palau de la Musica: Dallas Barcetona: Paiau de la Bausica: Dallas Symphony Orchestra conducted by Eduardo Mata with James Galway, flute. Schubert, Griffes, Rodrigo and Mahler (Wed). Madrid: Testro Réal: Dallas Sym-phony Orchestra. As Bilbao. (Thur).

WASHINGTON .

National Symphony (Concert Hall):
Conductor, Mstislav Rostropovich;
trombone, Milton Stevens; clarinet,
Loren Kitt; harp, Dotian Carter; cello, John Martin: Lumbye, Parris,
Waber, Debussy, Boccerini, Ravel
(Tue): conductor, Mstislav Hostropovich; violin, William Steck: Bach,
Brahms, Copland (Wed, Thur). Kennedy Center (2543778).

CHICAGO

Chicago Symphony (Orchestra Hall). Conductor, Erich Leinsdorf All-Bach programme (Thur). (4358122).

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SIEMENS

The resources and the commitment in communications

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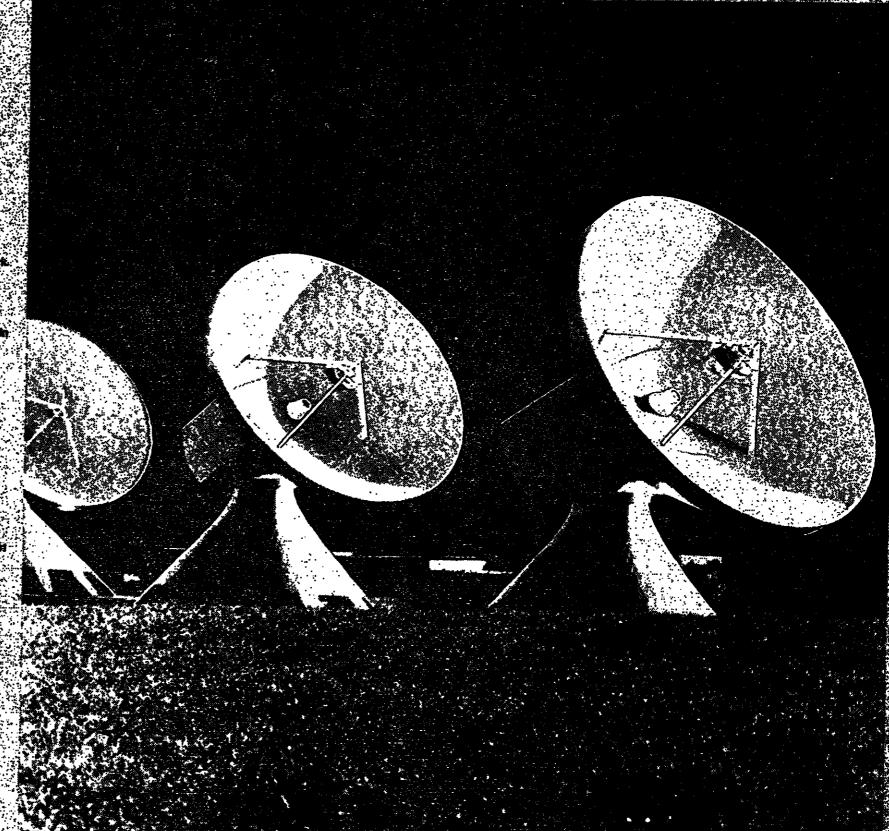
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TRATEGORINGES OF THE TRAINING TO ALCOHOLOGY





Siemens—where the future happens first

Cinema/Nigel Andrews

Stacked with famous names

The 1985 Caunes jury must motor of thought or feeling have drunk more hot coffee and wrapped more wet towels round their heads than any in history. This was a main competition speciacularly devoid of decisive The 1985 Caunes jury must have drunk more bot coffee and their heads than any in history. This was a main competition spectacularly devoid of decisive winners. Any one of a dozen decent, unastonishing films might have claimed the Palme d'Or without really deserving it. One must point a gnaried, censorious finger at the Cannes selectors to apportion blame—and wag that finger furiously to warn them against making the same errors again.

iday. May 24 lift

V;ENNA

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same errors again.

The main error is in stacking the main error is in stacking the movie line-up with famous names in the vain hope that track records will do for the Festival what (surely) only a search among new young directors will now achieve. Jean-Luc Godard, Claude Chabrol, Chris Marker . . . the old names were wheeled out like invalids into the sup and expected to caper the sun and expected to caper with the same freedom as 25 years ago, when they danced in the surf of the French New Wave; or any other new waves going around.

Chabrol's Poulet au Vinaigre was a police thriller alternatively potholling and potty; set in the provincial France that C.CM used to prise open so sharply. He here atacks it with the rusty tin-opener of facile satire and felly-crime intrigue. Godard's Detective we have already sighed over on these pages. And Marker's 70 minute film about Kurosawa, A.K., is dismayingly nugatory; little more than an unshaped traipse over the volcanic slopes of Mount Fuji, where the Japanese master is shooting his new

John Boorman's The Emerald Forest, shown out of competi-tion on closing night, was at least expected to provide some parting thunder and lightning. It is beautifully shot, but this Amazon-set tale of a kidnapped white boy (Charley Booman, son of John) growing up in an Indian tribe, and the ten-year-long attempts of his dam-engineer dad (Powers Boothe) to rescue him and his tribe in fighting their enemies, re-sembles half-a-dozen stories in

search of a structure. In Boorman's world of myth and magic, wild coincidences must perhaps be swallowed whole (like father and son reunited by pure chance at a jungle waterfall). But the film has holes in its character credi-(Meg Foster) is absurdly per-functory. (Does most of her lie on the cutting-room floor?) The father, as played by Boothe, is a macho hulk with no inner

New manager for South Bank halls

Anthony Phillips, the head of concert planning of the GLC's South Bank concert halls, has been *eppointed* general manager. He joined the concert halls three years ago after running the Van Cliburn Founda-tion in America.

mystery.

bitter - sweet Canadian frolic about love, business deals and suicide. It may sound grim, but it is more like a breezy knock-about "once upon a time in And Australia's bleakly zany Bliss, directed by Ray Lawrence from a Peter Carey novel, had

the distinction of emptying more seats more noisily during its 130 minutes than any other film I have seen in Cannes. True, it is a mess, as it charts our hero's a mess, as it charts our here's surreal journey through his own post-coronary hell on earth, after he returns from four minutes of death to resume life with family and PR firm. But there is terrific wizardry in the visuals (a balloon shot rising high into the sky to mark our here's levitating soul) and of hero's levitaging soul) and of pitchy hilarity in the dialogue: (hero to waiter, "How are you, Aldo?"; waiter, "We cat we shit, we die. I myself am dying

of cancer.").
Australia also fielded one of the best films in the non-com-petitive market section at Cannes. Glenda Hambly's Fron is a sizzling rasher of realism.
We follow our pretty, unmarried-mother heroine (Noni
Hazlehurst) at she jumps about between the frying pan of family hullabaloo (three kids yelling for attention and peanut butter sandwiches) and the fire of her disaster-prone sexual flings.

The film might have been (Kelly McGillis), and espying written by a "strine" Strind the dirty deed from behind a berg, and Hazlehurst acts like a loo cubicle door.

duse on a short fuse. How long before Hollywood summons her to stardom?

reckless eccentricity should surely have gone to Manoel de canada and Australia staged
a brave rearguard bid to endow the competition with some wacky vitality. In Joshu Then And Now writer-director team Mordecai Richler and Ted Kotcheff, who last tickled our ribs with The Apprenticeship of Duddy Kravitz, burl James Woods and Alan Larkin into a bitter - sweet Canadian frolic surely have gone to Manoel de Oliveira's Le Soulier de Satin. The Portuguese director whose period subjects and hieratic theatricalism made his Amor di Perdicao and Francesca seem like Racine on thin ice has now made a 7-hour stand-up-and-recite version of a play by Claudel. The sets are even more immobile: the dialogue is theatric; the actors are even more immobile; the dialogue is even more florid and torrential:

the effect is perversely spell-binding. Cannes only showed a twocannes only showed a two-hour 40-minute version. Venice will show the whole film. You sit there simultaneously rigid with disbelief and concussed with reluctant admiration. Future years at Cannes must

provide more of the unexpected like this even the unexpected that provokes banging seats or

The film which opened Cannes opens in London this week. Peter Weir's Witness is a movie of up-market visuals, down-market thriller plot; as if Vermeer had been hired to shoot an Ellery Queen mystery. The images gleam with beauty: the murder story stomps along from one dust mystification to

Harrison Ford is the Philadelphia police detective investi-gating a killing at a railway station. Victim? A fellow policeman. Killers? Unknown. Witness? A little Amish boy (Lucas Haas), up for the day (Lucas Haas), up for the day with his beauteous mother (Kelly McGillis), and espying and of Ford's mimetic mastery, you will have an entertaining time,

fied the killer from a photo in the cop shop; Ford is horrified Finally, the golden palm for at who it is: who-it is is horrified eckless eccentricity should at being discovered; and Ford and Hass are swiftly being pur and Hass are swiftly being pur-sued across the city with blazing guns. Where else may man and boy fiee—together with Mum-but into the rural baystack of the Amish community? Here they will try to reassemble un-traceable needles: the Amishes being a Pennsylvanian religious community who wear 17th century dress, decline the gifts of modern technology (including the telephone), and generally resemble a group of time-warped Mayflower disem-

Weir's great talent is for the weird: the wondrous-weird of Picnic at Hanging Rock, the sweltering-weird of The Year of Living Dangerously. And Witness thrives best, like an exotic weed, in the surreal crack in cultural cohesion between Earth's birgelty cough. between Ford's big-city rough-neck and the prim and pristing neck and the prim and pristing community in which he tries, for most of the film, to camouflage himself. The elegiac otherness of this world is magically caught: both in John Feale's photography—perhaps the most beautiful I have seen in a Hollywood film this decade, light-rined images of exculsite light-rinsed images of exquisite warmth and texture—and in Harrison Ford's masterclass repertory of comic-rueful asides

before a hot-dog snack in a Philadelphia nosherie. The movie moves to a climax of thick-eared predictability as the villains descend on the wheatfield with shotgun and mean looks, set for last-reel mayhem. But if you lie back and think of Flemish painting, and of Ford's migratic mastery

pression, like a lightly flabber-grated from when Miss

gasted frog, when Miss McGillis insists on saying grace

Watch his ex-



Harrison Ford as the Philadelphia police detective in "Witness"

American Festival/Elizabeth Hall

David Murray

The current "American Festi-The current "American Festival" is a capacious umbrella that covers a great variety of events in London, Cardiff and Glasgow. On Wednesday the contribution to it by Richard Stamp's Academy of London was a concert that featured the American clarination. Bishard American clarinettist Richard Stoltzman, playing a new con-certo by the American composer Donald Erb. Clarinet Concerto, with extra winds and percussion episted, the riot of orchestral colour was formidable—the better to dis-Stoltzman's exquisitely

There was also a trio of pieces from Henry Cowell's late, conservative period, all diatonic warmth and folksy counterpoint play Stoltzmar subtle clarinet. (even in Stamp's super-charged performances). The rest was

Technically a chamber orchestra, the Academy of Lon-don cultivates a keenness of

attack that strives toward bigger things. The amiable Cowell pieces—a Bailad and two of his Hymns and Fuguing Tunesfairly seethed, with the Academy's high definition strings boasting an intensity that belied their modest num-ber. For the première of Erb's tion the popular two notes at-once trick, Stoltzman's tech-nique was faultless. And in purely aural terms, Erb's inven-tions for the band were tremen-

dously vivid. Stoltzman's refined control of tone and line is such that he can make the timiest nuance into a striking event, and Erb's musical material — Erb is never score gives him generous oppor-short of musical ideas — that tunities to do that. The Con- is carefully manipulated but

All the securities having been sold, this advertisement appears as a matter of record only

certo plays without a break, but such development seems inci-its three sections — violently dental; the succession of events contrasted as much by sound-has rather the effect of a has rather the effect of a density and Erb's extravagant palette as by differences in pace superior firework-display, de-vised with explosive surprises, —are punctuated by solo caden-zas. From spectral pianissimo ear-tickling textures and dazzling contrasts as the chief desiderata. through liquid cascades of notes Fun to hear at least once, may-be twice. After that I hedge to eldritch shrieks, not to men-

Stamp's reading of Mozart's "Paris" Symphony was energetic, occasionally hectic, somewhat charmless, but for that composer's Clarinet Concerto, with Stoltzman, he relented. As with other Erb scores, it is harder to say whether there is much in the way of musical argument. Certainly there is musical material — Erb is never Stoltzman's cultivation in that concerto would be a rebuke to any brash accompaniment. His barely breathed Adagio, outrageously slow, was a marvel.

Solomon/Festival Hall

Stanley Sadie

lical oratories, Solomon scarcely relates a story; the only dramatic part of it is the second-act episod edealing with the king's judgment between the two harlungment between the two nar-lots. Rather it is planned—like en ode or a series of masques —to allow scope for a variety of music expressive of different emotions and at the same time to celebrate the merits of a well-ordered society: nominally the Old Testament kingdom of Solomon, but by clear implica-tion Georgian England.

Not only justice and religion are praised, but also nuptial

where he and his queen enjoy their "soft hours" to the display Solomon puts on to impress the Queen of Sheba, with its almost Monteverdian relish—of love and war and amatory grief. But the grand choruses are the most remarkable feature of Solomon, many of them written for an eight-voice double chorus so that the sound comes from alternate sides and then from both at once in a triumphant

At least, that seems to be what Handel intended, as the delights, the pleasures of the texts he chose to treat this way countryside, military valour, ("seem in fury to oppose," for attractive architecture and a healthy rural economy.

Solomon several musical numbers of particular, often untakes a different view, or so orthodox, beauty; from the rich, grave F minor orchestral recitative that introduces the king,

Unlike most of Handel's bib- and the deliciously rural chorus Society, firsts and seconds, sat thet Act duet, for example, on one side, the altos the other, the men in the middle. Passages that should surely have been antiphonal sounded like repeats. Similarly the violins: firsts and seconds of the ECO sat together, turning dialogue

into fatuous repetition.
Twenty years ago, the performance would have sounded formance would have sounded fresh in its general style; now, it seemed oddly dated and curi-ously genteel. There was double-dotting in the overture, but heavy and rigid. The string articulation, lacking the flexi-bility that comes from authentic

where it spoilt the vocal imitation. There were rallentados, generous and predictable.

The London Choral Society sang lustily in the big choruses, the upper voices especially; the tenors tended to weaken in quality below forte. Paul Ess-wood sang tastefully in the title role, but should not have been asked to sing it: it was composed for a woman's voice, and it lies too high for him. Margaret Marshall gave pleasure for the rfing in her voice and her attentive yet spirited singing of the Queen's music and the First Harlot's; so did Isobel Buchanan

Spitalfields Festival

Max Loppert

The interior restoration of hear. Five soloists peep in and Christ Church Spitalfields pro-out of the choral writing (the ceeds apace: at Wednesday's opening concert of the 1985 festival (May 22-31), a beautifully cleaned and glowing altar was the main visual attraction, a constant temptation to straying thoughts. Unsurprisingly, the programme features the principal figures of the current tercentenary celebrations. A full staging of Handel's Alcing comes as a pendant to the main body of events, in mid-July, but meanwhile the presences of Handel and Bach in the schedule are properly dominant

On Wednesday, Handel was of the music. paired with Scarlatti—not the third tercentenarian, Domenico, but rather his father Alessandro. The St Cecilia Mass greatly improved standard, but (1720), a late work, takes its time to say things that are del's pictorial genius and the never earth-shattering but, in their engagingly decorative far rougher than this.

for alto); the variety of forms, rhythmic modes, and florid contrasts is marked by easy mastery, which in a less than brightly polished performance can quickly be mistaken for mere working-to-rule.

Wednesday's performance, by the Richard Rickox Singers and City of London Sinfonia under Hickox himself, was of that less than brightly polished kind—100 jogtrotty, too patchy in en-semble and too modest in its solo singing (the bas, Gordon Jones, honourably excepted) to do justice to the limpid charms

Tag Theatre/Brighton

Ronald Crichton

They performed a (presumably) traditional piece called Il falso magnifico about a strolling player sacked by his troupe, who disguises himself as a Venetian Councillor to see how the unreliable Pantalone is administering the affairs of a neighbouring town. Sub-plots proliferate in rich theatrical style; the whole is spun out effortlessly into three acts with interludes of dances and partsongs slipped in with complete

naturalness.

The Brighton Festival's ban- There is enough English and quet of Commedia dell'arte French to keep the speciator events was given a powerful more or less in touch with the shot in the arm on Wednesday by the Tag Theatre from Venice, vised I do not pretend to know. the action. How much is improvised I do not pretend to know.
Such nice details did not matter quicksilver turns and twists of highly regarded in and ouside

Such nice details did not matter

Italy as expert performers of quicksilver turns and twists of
this ancient yet by no means a jot. The players use a trestle
dormant branch of theatre. Tag stage raised well above the main is a slightly larger, stronger, platform, with (oh joy) foot-even more resourceful outfit lights, which shed a soft amber than the amiable Scalzacani light on the costumes and from Paris, seen in the same simple sets. These have a har-Fallis Benney theatre last week. mony typically I then the this time of ragbag designing.

Carlo Boso is named as director. Many other people were named as many other things, but since the available infor-mation was neither abundant nor consistent one must make do with a general salvo of praise for the players' vigour, versatility and sculptural precision of movement and

Further performances on Friday and Saturday. A pity

Proms preview

Martin Hoyle

adage that anything with the formers and electronics by prefixes Euro- or European is Jonathan Harvey, Luciano likely to be corrupt, incompetent or at the very least grossly materialistic, the BBC with true 2. BBC commissions include independence of outlook is marking European Music Year with a heavy emphasis on American music.

Glyndebourne's Carmen is

The record 60-concert season opens with a weekend celebrat-ing Handel, Bach, Scarlatti and Schütz; but this cna be excused

July under Boulez, scooping its originally scheduled world preoriginally scheduled world pre-mère in Paris. The first Euro-pean airing for Roer Session's "When Macs last in the door-yard bloom'd," the British pre-mière of Steve Reich's "The Desert Music," and an all-American Bank Holiday pro-gramme by the London Sinfoni-etta under Simon Rattle (Angury 26), are highlights of (August 26) are highlights of the trans-Atlantic section of the series. Gershwin and Sousa feature in the Last Night of the Proms (September 14). It will be conducted for the first time by Vernon Handley, with Sarah Walker who will presumably sing "Rule, Britannia" rather than "I bite my initials in my sailor's neck," or possibly both.

The earliest music of the will be the medieval

Possibly remembering the old late-evening Prom for live per-

Glyndebourne's Carmen is scheduled for August 15— in contrast with 1974, the canus ing Handel, Bach, Scarlatti and mirabilis recalled by Robert Schütz; but this cna be excused Ponsonby, BBC Controller of by the time-honoured BBC Music, when no fewer than obsession with anniversaries (variously 1685 and 1585). It need not be taken as whole-hearted commitment to the European ideal.

The Control of Ponsonby and the presence of the collecting how Thomas Allen failted uring Carmina Burana, ing resembling intellectual earnestness to the teacher and fails to illuminate the central remembered the name of the control remembered the name of the control of the carms a great deal uring terms a great deal ur Elliott Carter's "Penthode" remembered the name of the from the audience to take over.

(No did he enlighten us.) The "ethnic" contribution, by which the BBC means neither Americans, Continentals nor the predominant ethnic group of the British Isles, is concentra-ted in the hands of Ono Gagakukai, musicians and dancers who will perform Imperial Court Music from Japan on September 8. Other newcomers to the Proms include the Swedish Radio Orchestra, the Pittsburgh Symphony Orchestra, the Ulster Symphony Orchestra, the violinist Anne-Sophie Mutter and the piamists Stephen Hough, Jean-Philippe Collard, Barry Douglas and Ronald Brautigam.

The 1985 season opens on July 19 with a performance of Handel's Messiah given by the Pérotin and Machaut, performed BBC Symphony Orchestra and by hte Hilliard Ensemble at St Singers under Sir John Prit-Luke's Church, Chelsea (July chard in the presence of the 29). At the other extreme a Duke and Duchess of Kent.

Italian is the main language. to miss them.

The Corn is Green/Old Vic **Michael Coveney**

melodrama encapsulates an her self-improving stage apogee, interesting inter-war phenome but you get little impression non: the upward exit of a gifted here of socialist good intentions working class meritocrat to or indeed anything resembling non: the upward exit of a gifted working class meritocrat to-wards the Oxbridge ether of special attention. In 1938 when Kerr's tediously intoned persylvil Thorndike scored a great formance. Why she should success in the part of the idealistic Welsh schoolmistress, into Oxford is not explained this theme and this subject. Thirty years later it still matters a great deal

fails to illuminate the central teacher/pupil relationshipin the

Emlyn Williams hit on so many aspects of British life in this play. He foreshadowed the 1944 Education Act, the 11plus university influx, the cross-cultural barriers of England and, in this case, Wales. The piece touches on chapel puritanism, and in the intensity of the performance by Imelda Staunton as the local girl and Bridget Turner as her mother, it pinions the escapist melodrama against a disapproving local backdrop. This is a great British cultural theme of which every actor in Mr Banbury's company appear to be aware with the stunning and disastrous

Emlyn Williams's classic which Sybil Thorndike achieved

ness of an educational and class system whereby an obscure intelligent lad makes it (as if this were still the ideal!) to Oxford in spite of his spawning community is articulated with almost more poetry and more vigour than in any play since written, and that includes David Mercer and Trevor Griffiths. It so happens that, with the exception of George Winter's magical the Williams surrogate, Morgan Evans, nobody involved in the production seems to be aware of its relevant poetic potential.

his home territory with threats of a paternity suit now comes across as a cheap trick rather than as a lramatic device, a chapel education is obviously A poor substitute for a fewyears in the real world, even if they prove to be nothing more exciting than a passport to either academic or theatrical success. Most of us who arrived from the wrong side of the tracks had our Miss Moffats. The trouble is that Deborah Kerr bears not exception of Miss Kerr. even a passing resemblance to Miss Moffat was the part in any of them.

Saleroom/Antony Thorncroft

Success at Sotheby's

Correspondence, Cairo," by John Frederick Lewis, was bought for £984,436, a record for Lewis and indeed for any work of art at auction by a Victorian painter. The Lewis had sold at Christies in 1979 for £220,000.

And that is what makes this auction so remarkable. The 61 paintings on offer have all been acquired by Brian Chalmers of Coral Petroleum in the last decade or so. Financial problems have forced the dispersal of the collection: it is smally reckless to re-offer uspersal or the collection: it is usually reckless to re-offer expensive pictures to the market so quickly. Also, Sotheby's and Coral Petroleum bad fixed high estimates on the

works.

But there was enthusiastic bidding, much of it coming from new collectors in this sector. A muezzin calling the faithful to prayer by the French artist Gerome made £342,412, another artists' record; while another Gerome, of whirling dervishes, sold for £273,930. The Mathas Gallery of London paid the same sum for a paintpaid the same sum for a painting of a market in Jaffa by Gustav Bauernfeind, and 5256,809 for another Gerome, of prayers in a mosque. A scene in a Cairo school, also by Lewis, realised £256,809—below fore-

Sotheby's had a great success with its sale of Orientalist pictures in New York on Wednesday night. It totalled \$7,118,850 (£5,339,805), with just 1 per cent unsold. The most important painting, "An Intercepted Correspondence, Cairo," by John Frederick Lewis, was hought for 5984 438 a record century diamond necklace with Among the jewels, a rare 18th century diamond necklace with a 19th century pink diamond pendant did well at £209,000: it sold to L. Diamond.

In New York Sotheby's sold the works of art collected by Jack and Belle Linsky for \$1.667,655 (£1,287,655). This is the kind of auction which was

the kind of auction which was traditionally held in London but with only 9 per cent unsold, New York can obviously handle such items.

An anonymous institution paid £204,861 for a Limoges reliquary champlevé enamel chasse, made around 1200, while chasse, made around 1200, while a pair of rural idylls by the 18th century French artist Jean-Baptise Pater far exceeded forecast at £106,178. A pair of George III mahogany china cabinets made £76,447, as did a Venetian bronze of the black Venus of around 1550.

Christia's gold Old Macters in

Christie's sold Old Masters in Amsterdam for £1.2m. A record Amsterdam for £1.2m. A record price was paid in the Netherlands for a picture—the £246,000 which secured a river scene by Salomon van Ruysdael. The surprise of the evening sale was the £212,450, nearly four times its upper forecast, paid for a still life of flowers by the little known Jacob van Walscapin a Cairo school, also by Lewis, little known Jacob van Walscaprealised £256,809—below forecast.

In London yesterday at each made £67,360.

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FINANCIAL TIMES

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Friday May 24 1985

Democracy in Europe

transport council in Brussels, even though the assembled ministers had just been told by the European Court that they had failed in their duties under the Treaty of Rome. Acting upon a complaint from the European Parliament, Cinderella of the Community institutions the court found in the court found. tions, the court found on Wednesday that the council had infringed the treaty by not liberalising the transport indus-try sufficiently.

The judgment is important not only in the context of the common transport policy which has eluded the Community ever since its foundation. It also raises the fundamental question of the believe between the main of the balance between the main institutions of the Ten: the Council of Ministers, which is directly representative of member governments; the Commission, which once appointed by the governments is supposed to work not in national interests but on behalf of the Community; and the Parliament which has little more than a consultative role under existing practice

Regulations

As far as it went, the judgment is welcome. It is, to say the least, embarrasing that after years of lip service to the idea of a properly functioning, free internal market, the right to move goods within the Community is still largely a national or bilateral preserve. A free internal market requires a common transport policy, and one

that is as liberal as possible. While finding fault with the Council for not ensuring free-dom top rovide transport ser-Court stopped short of making sluch freedom a principle enforceable in the national courts of the member states. There is nothing in the judgment that will force the Council of Ministers to adopt regulations to liberalise transport. The search for a common policy can continue for another umpteen years.

On the more fundamental issue of the balance between Community institutions, the judgment rejected an argument

BUSINESS was much as usual change anything very much in yesterday at the European the constitutional set up at Brussels. But it has added little to the standing of the par-liament. That is only to the good in a community of democratic

> A powerless parliament is a paradox or worse. In the long run the powers of the European Parliament ought to increase both in the name of democracy and in the interests of a smoother running of the Com-munity itself. The objective may be a long term one, but it should not be lost sight of in the wrangling between national governments in the Council chamber which now constitutes increasingly dominated by Lon-the legislative process of the don, New York and Tokyo.

ommunity. As things stand, the parlia-As things stand, the parliament has the power to amend Community spending in that relatively small area which is not obligatory, meaning that it is not required by a formally adopted common policy. In practice the kion's share of the budget is obligatory, and the overwhelming portion of that obligatory spending goes on the common agricultural policy.

The parliament also has the power to reject the Community budget as a whole, but since it

budget as a whole, but since it lacks the power to put anything in its place that power is either destructive, or merely illustory. The right to dismiss the Com-mission is equally destructive, since the member governments
— not the parliament — would nominate the successors. The parliament has the power to create crises but not to resolve them. It is a situation that could, one day, become

There has been no lack of pro-posals to rescue the parliament from its shadowy role. The parliament itself proposed last year in the so-called Spinelli plan that it should have more than a merely consultative role in drawing up regulations, the laws of the Community. The Dooge Committee, which reported to the last European summit, suggested that regulations should be adopted by both the parliament and the Council.

The Community would be wise to explore the possibility of cautious progress in those direc-tions. a more influential parliasubmitted on behalf of the ment would not only measure Council that the Parliament up better to the rules of demo-was not entitled to take the cracy it might also restore some Council to court for its failure of the elan which the Com-to act. This decision does not munity has lost in recent years.

The future of **UK** farm policy

MR MICHAEL JOPLING, Britain's Minister for Agricul-ture, Fisheries and Food, is a well-known sceptic about white papers. He has often said before, and he said it again vesterday, that too often such socuments end up as litter in countryside.

he should have jointly put his signature, along with that of Mr Patrick Jenkin, the Environment Secretary, to yesterday's White Paper on conservation in the countryside.

The document is, in reality, a standard Whitehall response to a vigorous Commons Select Committee attack; it sidesteps the main thrust of the case, makes the occasional concession on detail and reminds the reader how much of the committee's views are already government

The use of a White Paper for such a routine purpose reflects thet Government's unease that is being painted by its political

opponents as the enemy of Britain's rural heritage. The underlying message is that the Government intends to stick to the voluntary method of curbing the excesses of intensive farming. These activities have in recent years resulted, inter alia, in the loss of 88 per cent of the hedgerows in Huntingdonshire and 95 per cent of Britain's lowland, herb-rich

In the Government's view, the only alternative to voluntary conservation practices would be to subject farmland to planning controls, either via local authorities or other regional bodies. This, it reasons, would involve too much expense

and too much bureaucracy. This, on the whole, is a good argument, although not one it would be in their own perhaps which ought to be interest to pursue conservapplled too rigidly. There may, tionist policies, if they were upon closer examination, be given financial incentives.

Response to these arguments, and arguments, This, on the whole, is a good aspects of rural development which would benefit from in-clusion in the planning process. Culture at the Agriculture it is difficult to see, for example, It is difficult to see, for example, why farm buildings should be treated differently in planning

law from town buildings.
According to the Government, the foundation upon which a conservation policy should be built is the 1981 Wildlife and Countryside Act, which was Britain's first comprehensive seems proattempt to legislate a frame for lower work for protecting wildlife prettier,

The problem is that the Wild-life Act applies to only 10 per cent of Britain's landscape. whereas agriculture covers 80 per cent of the land. Although

AVENDOCANOSCO OF THE METERS OF

may, in due course, extend its definition of environmentally sensitive areas covered by the act, this is unlikely to become an all-embracing policy base for the future of the British

he streets. Nor, perhaps, should it. As It is curious therefore that the White Paper points out: "most of what we now think of as most attractive in the farmed landscape is the result of farmers responding to eco-nomic and technological pressures in the past."

sures in the past."

In other words the finger points squarely at Mr Jopling's ministry, which this year expects to disburse over £1.7bn in payments to farmers, most of them in EEC price supports which continue to have the effect of executing unselected. effect of creating unsaleable agricultural surpluses. What is needed is a significant

re-orientation of price supports; to pay farmers to produce less in a more environmentally acceptable fashlon; to reverse the conversion of pasture and mixed farming into intensive cereals cultivation.

Public opinion

This is no easy matter, as the current Brussels negotiations on lower cereal prices—opposed by Bonn—demonstrate. But it is not enough for Britain to call for lower support prices and, effectively, for changes of farmland use if it lacks a clear policy on the support for marginal farmets or the purpose of ginal farmers or the purpose of land taken out of production by

changed price supports.

That is why those in the conservation business and farmers themselves are demanding a lead from Mr Jopling Farmers have seen the tide of public opinion move against them; and

seen its main task as promoting farm productivity and British self-sufficiency in foodstuffs. Like any other industry faced with settments in the second with saturation in its markets, retrenchment is painful; but unlike other industries, farmers have the comfort that the public seems prepared to pay a price for lower efficiency and a

countryside. Mr Jopling may as well not have bothered with this White Paper, but a substantive statement on the future of farm policy is eagerly awaited.

more accessible

FINANCIAL DEREGULATION

Europe takes up the challenge

By David Marsh in Paris, Jonathan Carr in Frankfurt and William Dullforce in Zurich

HE survival instinct is now the main force driving European governments and central banks in efforts to open up competition in their banking and securities markets. Thanks to international finan-

cial deregulation, continental Europe faces twin sets of pressures. These are the aggressive expansion in financial services by U.S. and Japanese institu-tions and the migration of domestic business to more rapidly innovating centres like

The dilemma is a tough one for the West German, French and Swiss monetary authorities. Unless action is taken to break down barriers and increase dynamism on their own markets, Frankfurt, Paris and Zurich risk in the next five years being reduced to non-runners in the

On the other hand, over-rapid changes could bring a deluge of foreign competition and harm banks' domestic earnings base putting them further behind in the race.

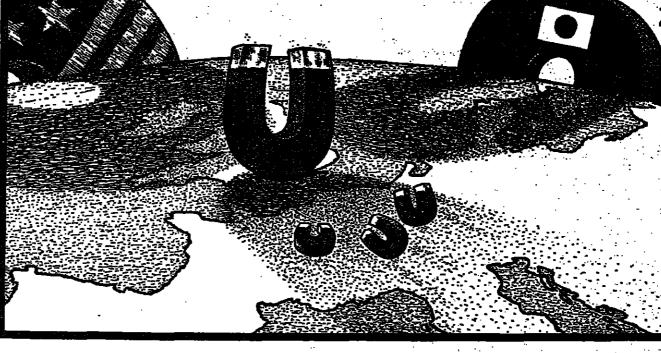
The strength of competition has already had a major effect in provoking change. Realisation by Herr Karl Otto Poehl, the Bundesbank president, that Frankfurt hardly ranked in the first division of the world financial league, has played a strong part in prompting the capital market liberalisation in West Germany over the past few

The moves, which would have been unthinkable even a year ago, centre on the phasing out at the beginning of this month of the bank cartel regulating D-Mark Eurobond issues, open-ing lead managership oppor-tunities for foreign banks incorporated in Germany.
They also include introduction

of innovations like zero coupon bonds and variable floating rate notes formerly opposed by the Bundesbank. In Paris, awareness in the

Finance Ministry that an increasing volume of block trading in leading domestic shares was moving to London has been a key factor behind equally farreaching measures in the last few months. French exchange controls,

and the continuing monopoly of stockbrokers, place limits to how far French deregulation will go. But securities commission struc-tures are being made more flexible, management of domestic bond issues has been opened to foreign banks, setting up of new stock-jobbing com-panies is under study and mar-kets in financial futures and options are to be opened later this year.



tive advantage has started to slip away—and banks have launched a battle against taxes on securities trading which they say is sending business abroad. Change is also spreading through other continental money centres. Sweden has through recently announced it is allowing foreign banking operations—the last west European country (apart from Iceland) to open its borders.

Regulatory changes have been made in Italy, allowing, in particular, opening of unit trusts which are proving a powerful magnet for savings

And in Austria-where the second largest bank, Girozen-trale, this month became the latest Continental Institution to buy a London stockbroker-radical banking reform is planned for this summer to bring Viennese practices in line with international standards.

Ironically, the countries now most under threat from deregulation are those which, in theory at least, have prac-tised it longest. West Germany, France and

Switzerland, like much of the rest of the Continent, have long run universal banking systems without the traditional or legal barriers between deposit taking and securities activities which have prevailed in the Anglo Saxon world and Japan.

his year. In Swiss eyes, for instance, Even in Switzerland, where other financial centres by many traditionally minded deregulating, are only catching banks believe that the country's up with Swiss banks. Fixed fabled security and anonymity traditions, however, have made will continue to protect it from some banks over-cautious about the negative impact of changes new opportunities from integra-elsewhere, ripples from the tion of banking and securities

one thing—how to provide and Drew last November to credit. The idea of helping com- take aim at Switzerland's panies improve their capital base was disregarded. But we have long had a merchant banking structure. Now, the aim is to make this bear fruit."

M Thomas, like many other Continental bankers, feels that some of the helter-skelter acqui-sitions of UK stockbrokers and outside banks may have been

made at too high a price.

But BNP, significantly, is looking at the possibility of acquiring a securities team in

domestic stamp duty. Mr Robert Studer, the general manager, said that domestic tax burdens were narrowing opportunities for securities business in Switzerland.

The breeze blowing to the Continent from London could well be followed by much fiercer gusts—from both West and East—in coming years.

After years of relying on loans growth to boost interna-tional revenues, U.S. banks are

Ironically, the countries most under threat from deregulation are those which have practised it longest

London, while Paribas has moved its dollar Eurobond activities there and Societe Generale is about to launch a London share dealing venture with Hambros.

In Germany, the decision by Deutsche Bank late last year to move its non D-Mark Eurobond business to London had a shock effect on the Bundesbank and has been one of the factors speeding up domestic liberalisation.

—which through its partnership with First Boston heads the Eurobond issue league—has recently acquired a stake in securities revolution are starting to be felt.

As M Rene Thomas, the chair-leading figures like M Rainer man of Banque Nationale de Gut, chairman of Credit Suisse, Paris (BNP), puts it: "For 30 their acquisition of a 29.9 warn that Swiss banks' competi-leading figures like M Rainer man of Banque Nationale de Sion of the announcement of their acquisition of a 29.9 warn that Swiss banks' competi-leading figures like M Rainer man of Banque Nationale de Sion of the announcement of their acquisition of a 29.9 warn that Swiss banks' competi-leading figures like M Rainer man of Banque Nationale de Sion of the announcement of their acquisition of a 29.9 warn that Swiss banks' competi-leading figures like M Rainer man of Banque Nationale de Sion of the announcement of their acquisition of a 29.9 warn that Swiss banks' competi-leading figures like M Rainer man of Banque Nationale de Sion of the announcement of their acquisition of a 29.9 warn that Swiss banks' competi-leading figures like M Rainer man of Banque Nationale de Sion of the announcement of their acquisition of a 29.9 warn that Swiss banks' competi-leading figures like M Rainer man of Banque Nationale de Sion of the announcement of the figure figures like M Rainer man of Banque Nationale de Sion of the announcement of the figure figures like M Rainer man of Banque Nationale de Sion of the announcement of the figure figures like M Rainer man of Banque Nationale de Sion of the announcement of the figure figures like M Rainer man of Banque Nationale de Sion of the announcement of the figure figures like M Rainer man of Banque Nationale de Sion of the announcement of the figure figures like M Rainer man of Banque Nationale de Sion of the announcement of the figure figures like M Rainer man of Banque Nationale de Sion of the announcement of the figure figures like M Rainer man of Banque Nationale de Sion of the announcement of the figure figures like M Rainer man of Banque Nationale de Sion of the announcement of the figure figures like M Rainer man of Banque Nati

now starting to turn their attention to securities operations, using techniques built up in New

York, as a more secure means of generating profits.

The threat is underlined by recent moves by Citicorp—which in the U.S. has mounted a legalistic challenge to 50-year-old restraints dividing commercial and investment has been for cial and investment banking to build up its European bank-ing network and move aggressively into activities like securi-

also been mounted from Japan. The Bundesbank is still wary

on the Swiss market-where convertibles formed a large slice of Swiss banks' bond business in the last three years—Swiss bankers feel their authorities could be tougher in demanding recipro-

Sumitomo was able to take over Gotthard bank without trouble last year. But the Swiss banks are making their point by delaying Japanese securities houses freedom to lead manage private placements until they are allowed to operate more actively in Japan

Similarly, in Germany, Japanese banks are being excluded from D-mark Eurobond lead management until German banks are given broadly re-ciprocal advantages in Japan A clear underlying factor adding to competition has been the strength of the dollar which has greatly increased the number of U.S. institutions seeking to invest in Europe. Around 100 U.S. insurance companies and investment funds are now thought to be looking to Europe, of which about 30 are active players in bonds and

The dollar's rise has also prompted a warmer response in Europe to such capital flows, with the waning of Bundesbank worries about the D-mark behelping prompt recent German

Dr Walter Seipp, chief execu-tive of the Commerzbank, has ties and venture capital. The Citicorp challenge is viewed with particular misgivings in Parls, which up to now has probably been the most protect ted of the main Continental centres.

gone so tar as the Bundeshank drop its tough the Bundeshank d With Japanese banks and secution that this could upset domestic tendency for large deals to be rities houses present in force monetary control—but has negotiated in London.

underlined recently that the subject is no longer "taboo"

Seen from New York or London the European markets often look inder-developed and parochial. "They (Europe) are well aware of the way business is developing. We're looking for a global securities market based in London, New York and Tokyo. So they're having to sharpen their act up a hit?" says. sharpen their act up a bit," says Mr David Rochester, inter-national strategy director at-Merrill Lynch in New York

The weakly capitalised stock broking community in Paris has particular reason to worry about the rise of global securities deal-ing, and could as a result be pushed into forming strategic

But at the moment offshore trading in Continental shares in London is concentrated on German, Dutch and Scandinavian securities. About 150 stocks are regularly traded by the City of London's growing cluster of international dealing ventures — with turnover in German shares on some days topping trading in the Federal Republic.

Republic.
The last few months have underlined Europe's ability to make regulatory changes relatively quickly. A deeper response in the form of changes in the structure end attitudes of securities markets will take a lot longer.

In Germany, where electrical activities and the content of the In Germany, where eight separate stock exchanges to exist, some with any turnovers. Dr Wolfgang Roeller, new chief executive of Dreadner Bank, is

leading calls for louger trading hours and better inter-exchange communications, with a unified trading system the long-term Plans are also nearing con

pletion to create an Unisted Securities Market to encourage small and medium companies. to float shares, along the lines of the successful exchanges now operating in both London now operati

In Switzerland, where some foreign banks are pressing for an ending of the big banks winted monopoly of Zurich hourse trading licences, trapartite committees from the Zurich, Geneva and Baste stock exchanges have been set up to examine changes. A more com-petitive commissions system is to be introduced next year and the exchanges are considering the introduction of traded share

the introduction of traded share index and bond index options
Liberalisation, of course, can have unpleasant effects too. The break-up of the German Differs bond cartel-has been a litter pill for life. It member bliks to swallow. And the growing moves by the big Swiss banks to establish footholds in Frankfurt heralds swissber competifact heralds tougher competi-tion in the Germans own back-

gone so far as to suggest that Similarly, one of the reasons the Bundesbank drop its tough why Parks stockbrokers are minimum reserve requirements nervous about planned introducing the Federal Republic to trading is that it will increase build up "offshore" financial further the interest of the market—and could ultimately increase rather than lessen the

Brymon set for second takeoff

Yesterday's decision by Patrick Jenkin, the UK Environment Secretary, to take the joystick be-tween his teeth and grant approval to the planned mini-airport in London's Docklands has sent spirits soaring in the

West Country as well. Brymon Airways, the Plymouth-based carrier, which has been restored to full vigour after several years of decline, now seems poised for a period

Charles Stuart, a former man keting manager with British Airways, has been chairman and chief executive of Brymon since 1983 and is a keen advocate of the Docklands venture. He in-tends that Brymon should become the major Docklands air-tine and hopes to build up a network covering not only Britain but the near Continent, London.

in East London has been opposed to the new airport, but Stuart brushes their fears aside. "Justice," he says, "has not only been done but has been seen to be done." He plans to increase the numbers of Bry-



"As a Conservative voter, which opinion poll do you think is most depressing?"

Men and Matters

mon aircraft from six to 12 with the purchase of six more De Havilland Dash-7 short takeoff and landing turboprops, and

The environmentalist lobby

the Brymon workforce, he claims should go up from 200 to 450. Stuart himself had thought after his somewhat abrupt departure from British Airways -"The Night of the Long

Knives "-that he was heading, literally, for greener pastures through his purchase of Holmead Farm, near Rackenford, in Devon. Instead, he was headhunted for the Brymon job. But he is not yet lost entirely to the soil. He is, he says, em-barked upon "progressive re-tirement" and hopes to be a one-day-a-week chairman within a very few years. He wants, though, to see Brymon's international expansion well under way before moving back to his

Early warning

Israel's controversial forme: Defence Minister, Ariel "Arik" Sharon, is a firm believer in the military maxim that attack is the best form of defence, and the latest object of his ire is the outgoing U.S. ambassador in Tel Aviv, Samuel Lewis.

In a television interview on the eve of his departure, Lewis said that six months before Israel's 1982 invasion of Lebanon, Sharon had told the U.S. special envoy, Failing Habib, of his plan, code-named Big Pines," to send the Israeli Army into Beirut.

The cabinet in Jerusalem had not heard of the plan at that time and subsequently approved only a 40-kilometre deep pene-tration of Lebanon. The fact that the army did go on to occupy Beirut has been a source of bitter controversy ever since.

 Never one for moderation, Sharon denounced Lewis's remark as"the crude lie" and went on to the attack by accusing the Ambassador and other American officials of giving President Reagan bad advice on Lebanon.

Unfortunately for Sharon, his

deputy at the Defence Ministry

at the time, Mordechai Zippori, yesterday affirmed the ambassador's version of the conversation which took place, in December, 1981, at the Sharon ranch. Israeli optimists are refusing to be dismayed by the turn of events. " Don't worry," they say, 'it could get worse."

Westminster Reds

Brian Sedgemore, the Labour MP for Hackney South and Shoreditch, is clearly not look-ing to Neil Kinnock for preferment. His new novel - Power Failure—includes a red-haired Prime Minister who is obviously, but none too flatteringly, modelled on Kinnock — "Once a radical socialist, now merely a cautious man with an eye for the psephological tide."

The novel is described as a political fantasy set in the late 1980s, yet it draws on Sedgemore's experience in the late 1970s as parliamentary private secretary to Tony Benn when he was Energy Secretary. The hero is an Energy Secretary called Misson, naturally a man of principle, supported by an ambitious young PPS who falls in love with a Downing Street policy advisor rather bizarrely called Glenys (which also happens to be the name of

Kinnock's wife). The plot turns on the future of the nuclear industry and Britain's relations with the U.S.

Among the goodies and baddies there is a powerful industrialist who goes behind the back of the Energy Secretary to deal directly with the Prime Minister. Who can he possibly mean? And there is, of course, a secretive and devious Permanent Secretary. Sedgemore says he can vouch for the accuracy of his descriptions of Whitehall since he kept a diary of the period when he worked for Tony Benn.

Money talks

Who is making money out of biotechnology? Very few indeed of the host of new biotechnology firms which made such brash promises to their investors in the last 10 years.

Disgruntled delegates at Biotech 85 in Geneva have been

grumbling that the only people making money are those who organise what one scientist called "these circuses." The same faces and papers go round and round — Boston last week, Geneva this, Frank-furt next. Online, the London company which mounted Blo-tech 85, plans two more of them this year, in Washington DC

Even the British biotech-nology industry's own newborn trade association of 19 members is getting in on the act. In the hope of raising enough cash to rent offices in London, it has called a conference—on how to set up a biotechnology firm.

Participation in some of these circuses can be an expensive affair. One company estimates that when all its costs were met for its part in the Biotech 84 conference and exhibition at Wembley, the bill came to £40,000.

Plaice man

and Singapore.

Advertisement in a Shropshire newspaper: "Mature, experienced person required as sole manager for three fish shops." **Observer**

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A FEW days in Washington can be quite instructive when trying to think about the future of British politics. There are, after ali, similarities. Mr Reagan in his second term is a lame duck President. Yet what is notable in America is the way that the system has begun to adjust to

system has begun to adjust to that fact.
Congress has started to reassert itself. The President has been defeated on his budget proposals. The trade and budgetary deficits are now taken seriously. American defence spending will grow by less than 3 per cent a year in real terms, a point incidentally of some interest Europeans who no long erexpect to be lectured. no long erexpect to be lectured by Senator Sam Nunn of not doing enough about defence

themselves.

The mood in America has changed: defence was an issue some years ago, so the administration spent more money on it and the country happily went it and the country happily went along. Nowadays, however, the view is that the job has been done; the emphasis is more on talks with Russians and on spending—or saving—money for other purposes.

What is striking to the outsider is how easily the system adapts. Presidential power declines because of the finite nature of the second term. Con-

nature of the second term. Con-gressional power arises in its place. Mr Reagan is such an astute politician that he almost claims personal credit for it. He will not go down with the ship because there is no question of the ship going down. There will just be another President, perhaps another party administra-tion, in 1989.

At home it all looks rather different. Noone should put too much weight on the opinion polls, though anyone who follows politics closely will not ignore them, either. Marplan in the Guardian yesterday had the Conservatives in third place with 29 per cent of the vote. Labour and the Alliance had a joint lead of 35 per cent each.

There is unlikely to be another Talklands factor'

It is said that much the same thing happened in 1981, and in a way it did. The Tory Party came back to win, aided by the Falklands war. Yet there are quite significant differences Apart from the fact that there is unlikely to be another Falklands to the rescue act, it has been a highly guestionable. has become highly questionable how much longer the electorate will continue to give the Gov-ernment the benefit of the doubt over the economy. It is one thing to say, two years into office, that policies have not yet had time to work. It is quite arts and not enough to de-another still to be saying it four velocing entreprenurs. years later.

Politics Today

Thatcher gets the wrong end of the stick

By Malcolm Rutherford



Mrs Thatcher, addressing the Conservative women's conference in London this week

We shall come to Mrs Thatcher's speech to the Con-servative Women's Conference on Wednesday in a paragraph or so. Meanwhile it is hard to imagine any more bad news for a Government in the long term than the report that the University Grants Committee has written to vice-chancellors saying that the proposed cuts in higher education will amount to the equivalent of closing a univer-sity the size of Southampton every year.

Of course, the Government's Green Paper published this week did not quite say that. Not even Sir Keith Joseph, the Edu-cation Secretary, would go that far in his errors of presenta-tion. But it came rather close to it. See, for example, paragraph 1.13: "It is not improbable that some institutions of

higher education will need to

be closed or merged at some

point during the next ten To mitigate first. Anyone who has had anything remotely to do with universities will admit that they have a tendency to be inefficient, self-indulgent and parochial. A Markist might add that they are an essential part of the English class system, and Sir Keith seems to approve the Marxist sentiment arguing that they have been too much devoted to the liberal

graphic argument. The struc-ture of the population is chang-ing: there are fewer young people and more candidates wanting to go to university later in life. All of that suggests the need for some adjustment.
Yet for a Government, particularly a rather intelligent

Government like this one, to get into a position of appearing to universities is the depth of political folly. It cannot even admit that one purpose of going to university is pleasure it is actually quite nice to read liberal arts — even if it tends in our present society to be pleasure confined to those who are already relatively ad-

vantaged.

There is worse still: far worse. Because the numbers are going down, the Government is proposing to cut places. There could be no clearer administration. mission that after six years of Mrs Thatcher's administration the country is still going back-wards. More than 20 years on the Government cannot foresee as many places as Lord Robbins suggested in his report in 1963. Nor any longer does there seem to be any obligation to try.

It is especially ironic that one of the reasons why the Government came to power in 1978 was trees. that it had assiduously culti-vated intellectual and academic

tellectual argument.
So to Mrs Thatcher's speech
to the Tory women and its most

"Some of our critics, and fair weather friends," she said, "would like us to slow down a bit; to take stock; even to let a few sleeping dogs lie. 'Consolidate,' they say. Forget about radical reform.'

"We have a stock and fair afford it and had written to their MPs to tell them. The episode was quite a comment on Mrs Thatcher's radicalism. There are also ways of transfering resources to other sectors of the economy, or just

"No. There are still too many tasks to be done, too many challenges to face. Some of them present us with immense difficulties. But this Government has never run away from long-term problems and we are not going to start now. And if we did, we wouldn't be worth reseek to justify the Government's attempt to abolish the Greater electing. We shall press for-ward with zest, determination and confidence. This Government has work to do."

The Prime Minister has got the wrong end of the stick and gripping it hard. Mrs Thatcher's best critics are not telling her to consolidate. They are telling her precisely the opposite. Whata they are saying is that the Government should get on with radical reform. And they are warning that there is a terrible danger that it is unable to see the wood for the

There was a perfectly feasible way of reforming university k tried to reform the House financing. It was through a of Lords in the late 1960s, Sub-

the idea went through mis- has been suffering exactly the takenly when she was out of same fate since last autumn the country: Conservative with the abolition of the GLC. the country: Conservative middle class voters could not

ferring resources to other sec-tors of the economy, or just most want to speak. So do the Lords. It wastes everyone's cutting taxes: for instance, by ending the relief on mortgage interest rates. It is not the Chancellor of the Exchequer who is against that. It is the Prime Minister.

politan authorities, and the way it went about it. It wasted parliamentary time for about a year, stirred up the House of Lords and cross-bench opinion, and generally tarnished the Government's image. Mrs Thatcher does not have all

that much credit left to waste. That kind of thing tends to happen to most administrations after a period, almost to the ex-tent that one queries why they never learn. The Wilson Government became bogged down in the House of Commons when righting that they have been vated intellectual and academic way or reforming university it then to reform the House worry about the pound of much devoted to the liberal opinion, and learned from it. financing. It was through a of Lords in the late 1960s, Sublike the old days, in factoring enterprenums.

An historian might note that it rather than student grants. But went through a similar process volved in more units there is also the demo- was in early 1985 that the Con- who stopped that? It was the with Scottish devolution in the troublesome legislation.

servatives began to lose the in- Prime Minister, who said that 19:0s. The present Government The lesson should be crystalclear; never put to Parliament contentious measures involving the way government is run unless you really have to. All MPs have an opinion on them and

> great purpose. Much of the present debate in the Tory Party is about pre-cisely that: how to keep the legislative proposals in the

time and frays tempers, to no

A choice between radicalism and the status quo

next Queen's Speech relatively short. There is no point in tinkering with social security benefits or the rating system. The choice is between radicalism and the status quo.

For there is another way of looking at Mrs Thatcher's Government after six years: still rising unemployment, high interest rates and a continuing worry about the pound. Just like the old days, in fact. It would be silly to become in-

Lombard

Why India needs more aid

By Philip Stephens

India and for the rest of the

While protectionist pressures

in the West continue to strengthen. India is considering to what extent it can risk relaxing import controls as part of the drive to modernise its industry. The scene was set in the March budget when Rajiv Gandhi announced a series of measures to ease restrictions on the import of some capital goods and high technology items. But the crucial decisions on how much further the Government can go are likely to be made in the next few months with the finalisation of the seventh five year plan for 1985-86 to 1989-90,

There are some powerful dvocates for the argument that India must break with its insular past if its industry is to catch up with the advances in other newly-industrialised nations. Dr Abid Hussein, one of the architects of the liberalisation policy and now a member of the Planning Commission puts the case succinctly: "We must change gear, change pace and change direction .

development should be an act of daring." The shelter provided for Indian industry by draconian import controls and by a restrictive internal licensing policy has smothered the innovative spirit needed if India is to compete in the rest of the world, he argues. The signs are that the Prime Minister shares this view. But he is also aware of the

political and economic dangers of going too far too fast. Those dangers were under-lined earlier his month when some of the older guard of the ready to oblige. But, as any Congress (1) party staged a aid official or banker will tell revolt against what they saw as you, concessional and commer-

sector and the rich. The constraints are not just ideological. India's trade deficit has been widening and came close to Rs 60bn (£4bn) in 1983/84 (April-March). The impact on the balance of payments it can take risks with trade
has so far been offset by a liberalisation. So, if the U.S.
sharp rise in remittances from wants India and others like it

AN IMPORTANT debate is no longer rely on such ingoing on within the Indian creases.

Government, important both for Liberalisation could be expected to worsen the trade gap in the short term, The problem is compounded

The problem is compounded by the bunching of commercial debt and the repayments due on an IMF loan over the next few years. This means that even if India does not increase its overall borrowings as a proportion of GDP, the debt service ratio will rise to around 20 per cent by the end of the service ratio will rise to around 20 per cent by the end of the decade from the present 14 per cent. The danger then is that any significant move to open up the economy would run into a balance of payments constraint which would in turn feed political discontent.

tical discontent.
The crunch will come,
according to Dr Manmohan Singh, deputy chairman of the Planning Commission (Mr Gandhi is the chairman) if increased imports are perceived to be displacing domestic resources and jobs rather than adding to them.

And this is where the West

comes in. Its governments are calling on India to liberalise and at the same time are cutting back on development

The World Bank estimates that India will receive about \$8bn of concessional finance during the 7th Plan, the same in nominal terms as in the previous five years, but a sharp drop in real terms. The refusal of the U.S. to agree to more than \$9bn as the 7th replenishment of the International Development Association (IDA)

—the bank's soft loan affiliate accounts for a significant proportion of the fall.

Washington's argument that India should rely more on commercial borrowing, and it points to a queue of banks ready to oblige. But, as any favouritism towards the private cial borrowings are complementary, not substitutes for each other.

The more concessional aid India gets the more it can Indians living abroad, particularly in the Middle East. But should look again at the role with the pace of development in the Gulf slowing India can in the process.

The funding of pensions

From Mr A. D. Wilkie

Sir,—In your leading article of May 18 discussing the fund-ing of pensions, you state: However the contract may be drawn up, the retired will be of the economy when they are retired." You almost seem to be

If a man (or woman) purchases a house and furnishes it during a working lifetime, he can enjoy this capital equipduring his retirement. If he has saved from his income, financing real capital formation, so that an entitlement to future benshe owns a substantial portfolio fits. Is it not therefore reasonof stocks and shares at his retirement, he has a capital investment, the fruits of which he has an economic right, and in this country a legal right also to enjoy.

To argue that the capitalist, the shareholder, the holder of fixed interest stock, the building society depositor, has no moral right to his dividend or interest income its aut a view. interest income is not a view I imagine you really wish to

The pensioner of a properly funded pension fund has a beneficial right, albeit indirectly, to a share of the underlying capital owned by the fund and to the investment income thereon. He is no more and no less dependent on the working population than the shareholder of any company is dependent on its employees. For most enterprises both capital and labour are required and they must co-operate to obtain satisfactory returns from their enter-prise. Nowadays, the pensioners

One of the themes of the report by a group of actuaries from City and Reriot-Watt Universities, "Pensions: the Problems of Today and Tomorrow," to which you refer in your leading article of May 21 and to which I contributed, is that the connection between investment returns and pension benefits should be made more explicit. Funding may finance real capital formation; pay-as-

A related point is made by Mr David Basnett in his letter also of May 21. He suggests that entitlements under the state earnings related pension have validity - as entitlements to government stock. It would indeed be possible to would indeed be possible to treat the payment of contributions by those contracted into the scheme as purchasing an entitlement to future benefits.

The present value of this lightlist would then contract to liability would then appear as part of government debt; interest would form part of

Letters to the Editor

government expenditure: and the automatically reinvested income together with new conencouraging the fallacy that the tributions each year would form retired are wholly dependent on part of government borrowing. the generosity of the working If the accounting were done in population for their subsistence. this way Parliament and the people could assess whether or not the liability for the future were acceptable.

But the accounting has not been done this way. Current contributions have been used to pay current benefits, not to buy able to assume that if Parliament were to approve the abolition of SERPS then all earnings related benefits might be abolished too, including both those in respect of past service for the existing workforce and those that current pensioners are now receiving? This is what a pay-as-you-go scheme means.

A. D. Wilkie, R. Watson and Sons, Consulting Actuaries.
Watson House, London Road. Reigate, Surrey.

Looking to San Francisco From the President of the

North Atlantic Assembly Sir,—With reference to your correspondent's report on the North Atlantic Assembly in Stuttgart (May 20). As President I attended each of the five committees which discussed strategic defence initiative and I believe that there was a con-I believe that there was a considerable majority in favour of assisting this American research project. There was, of course, some division of opinion but the matter will be resolved at our next Assembly in San Francisco in October when strategic defence initiative will be the subject of plenary debate.

(Sir) Patrick Wall, MP. House of Commons, London SW1.

When you come to the crunch

From D. J. Harris Sir,—How right J. R. Phelps is in his assertion (May 21) that pre-war potato crisps tasted better than those of today.

I well remember watching surrey play Glamorgan at Swansea in 1939. My interest as a seven-year-old in the cricket was slight, although I was much impressed by F. R. Brown's multi-coloured cap (or was it E. R. T. Holmes?). What I did enjoy was prising

arents a often as possible and consum-ing bags of Smiths crisps. (Was days?) I realise now that the bags seemed so huge because I was so small, but there was no illusion about the taste.

As the potatoes have prob ably not changed much I preably not changed much I pre-sume the modern loss of flavour is because they are no longer fried in animal fat or dripping (tasty but dangerous), but in vegetable oil (tasteless but safe).

The same thing happened to the baked bean. It used to be small, of a delicate apricot hue and tasted of something. Nowadays it is larger, rather soggy, dull in colour and tastes of nothing. Why? D. J. Harris. 6, Brendon Drive,

... and the flavour

Esher, Surrey.

From Mr S. Hamilton Sir, - My concern is over the plethora of new and artificial flavours in which the crisp is now available.

Have you ever waited inter-minably in a public house while the bar staff complete two circuits of the premises shouting the answers to the question: "What flavour crisps have you got?" and then waited as long again while a decision was made? The cost to the licensed and the retail trades in storage space, as well as time because of this phenomenon must be

We have the solution, how-ever, in theory if not yet in practice. Taking up the fine lead given by some in the confectionery trade, how long be-fore the Pick 'n' Mix Crisp? Stuart Hamilton. Director, Marketplan (Anglia). 23, St Andrews Street, Cambridge.

Employee offers for the buses Stom R. Oakeshott

Sir,—The logic of management buy-outs differs profoundly from that of employee buy-outs. It was therefore deeply misleading for David Mitchell to imply the contrary as he did, if he was correctly reported, in his comments about the future of the National Bus Commany (NBC) during

about the future of the Nabonal
Bus Company (NBC) during
the final Commons stages of the
Transport Bill.
When management buy-outs
take place the chief objective
of both the managers who lead
them and the financial institu-

tions which back them is nearly always to secure substantial capital gains in the medium term. But it will only rarely be possible for these gains to b realised unless thereis a market flotation or a sale to a third party. Thus the end result of a management buy out is likely to be and is normally intended to be a move to a conventional of external shareholder owners By contrast the main objec-

tive of an employee buy-out is to bring into existence and then sustain indefinitely a new class siders but the employees (and in principle all the employees) are the main shareholders. Of course those employee owners will not be averse to capital gains. But characteristically they will be prepared to accept smaller capital gains.

In the case of the bus indus-try, whether we are talking about what is now NBC or whether, for example, what are takings of the local authorities there remain formidable obstacles which are likely to inhibit employee buy-outs. But there is at least one which could be substantially eased when the Transport Bill moves on to the

Lords. If, as in the ploneering employee buy-out of the National Freight Consortium (NFC) three years ago, shares are offered mainly to employees but also on a minority basis, to financial institutions, then the offer of sale will be subject to all the "prospectus" rules embodied in the Prevention of Fraud (Investments) Act 1958.

It is common knowledge that the NFC prospectus went through more than 20 drafts and its cost can be all too easily imagined. It is simply absurd to imagine that one of the operating subsidiaries of NBC, or a municipal bus undertaking, will have resources to meet the requirements of the 1958 legislation.

There is a real need for mendments to the Transport Bill in the Lords which would largely exempt share offers which are made in the course of bona fide attempts to engineer employee buy-outs in the bus industry from the provisions of the 1958 Act.

But none of this is likely to happen so long as Ministers and others continue to confuse employee buy-outs and management once the part of the content and if ment ones. On the other hand if it does not happen we will have missed one of the most important opportunities for extending employee ownership in

this decade.

If ministers settle for selling the bus industry to a mixture of managers and corporate buyers it will be a classic case, in Mr Tebbit's phrase, of preferring the "easy option." Robert Oakeshort. Job Ownership.

with the job. Continued achievement in 1984

Last year we disbursed £109m, almost as much as in the two preceding years put together.

■ What did you do with it?

We invested in agricultural projects in developing countries around the world, by no means all those countries being Commonwealth members. In addition, we continued to invest in industry and commo

overseas and so provide opportunities for British industry. ■ Where did you find the money? We are funded by loans from HM Government and by returns on our investments made with those loans.

B Effective?

We think so: from an operating surplus of £51m we repaid £25m in maturing loans, two figures impressively surpassing those for 1983.

■ What next? With new commitments of £101m, our main challenge is to continue to find effective investment opportunities. Of that sum. we last

year more than met our target to invest half in renewable natural resources. Thanks to us, many more people help themselves and, by so doing, enable us to help many more people.

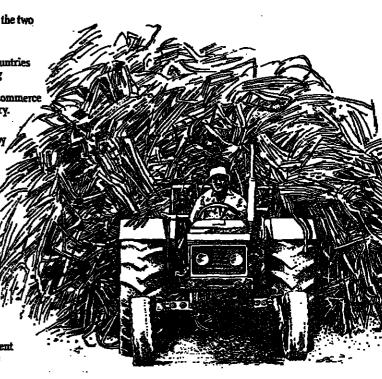
■ So what is your secret?

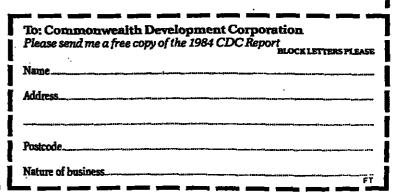
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FINANCIAL TIMES

Friday May 24 1985



David White in Madrid explains why policy priorities are being called into question

Spanish export boom loses momentum

THE Spanish economy has been reached 2.92m in the first quarter, drifting off course since the begin- 31 per cent more than when the Soters the final stretch in its journey towards membership of the EEC. Prospects for stopping the loss of The figure, based on a survey jobs after 2½ years of Socialist visample, is considered the most reliernment and Socialist labour leaders, policy priorities are starting to be called seriously into question.

Unemployment had reached 2m when Sr Felipe González's Socialists came to power. It is now touching 3m. To make matters worse, the economy is now doing less well than expected after an export boom that evolved into a spectacular and entirely unplanned turnround in the external account last year.

sumption would take over as a source of growth and that the erosion of jobs would finally stop are not being fulfilled. Although the Government still hopes for improvement and says this year's first-quarter job figures show the least negative trend for some years, it has begun to reckon on a further loss in total employment of 100,000

to 150,000 jobs this year.
Instead of the 800,000 extra jobs promised in the Socialist election programme, the balance for its four-year term now threatens to be of the order of 500,000 fewer.

Unemployment as calculated by ment can boast a number of the National Statistics Institute achievements.

Vary loses

more than

Svenska

ning of the year, as the country en- cialists came to power and 22 per cent of the active population - the highest rate in Europe.

The figure, based on a survey gour are vanishing over the horizable measure, since many jobless on, while, in an increasingly diffido not appear in the totals of regcult atmosphere between the Gov- istered job-seekers. Part of the increase comes from the inclusion of 120,000 farm labourers in southern Spain who were previously counted as employed because they were involved in community work schemes. But even without them, the increase is dramatic in a country where the benefit system

reaches fewer than 40 per cent. Despite last year's successes - record exports and a significant drop in inflation - more jobs were lost than the previous year and the rate was accelerating in the second half

as export-led growth tailed off.
One of the main obstacles to investment - labour rigidity - was partly eased last year by the introduction of fixed-term work contracts, part of a tripartite economic pact. But no incentive has succeeded yet in overcoming employ-

"We have too few entrepreneurs," a member of the Government complains bitterly, "and many of those we have are bad ones."

But if jobs are the dark side of the economy, the Socialist Govern-

Exports in dollar terms rose 20 per cent, the trade deficit, at \$5.2bn, came down 45 per cent, and the current account of the balance of payments swung from a \$2.5bn deficit into a \$2bn surplus. Foreign exchange reserves were strengthened by 40 per cent, reaching their highest-ever level of \$16bn as the authorities started encouraging bor-

In recent weeks, however, they have put a brake on this movement. fearful that there will be more demands on reserves after Spain joins

rowers to repay their foreign loans

early and swap them for peseta

What was seen as the basis for a lasting recovery now appears less solid. Growth last year is generally reckoned to have been somewhat lower than the 2.5 per cent announced by the Government, and this year's 3 per cent aim no longer

Prices spurted again in the first months of the year, and the Govern-ment's forecast is now for an inflation rate of around 7.5 to 8 per cent, slightly above the original target. Others say the trend might lead back to double figures. The start-up of value-added tax next year is fuelling inflationary expectations.

which has been in deep recession. But the package, a mix of economic stimulation and pre-EEC liberalisation measures, was poorly presented and hard to digest and Consumption levels in the wake the Government has drawn little or of last year's lower inflation are dis- no political benefit from it. Busi-

appointing, partly influenced by the ness is generally satisfied, but des-

Inflation came down to 9 per cent rise in unemployment. Exports pite higher profits last year there last year, the first single-digit fighave hardly increased. The peseta are no more than tentative signs of ure since democracy was restored. rose last year against the main EEC improvement in the investment rose last year against the main EEC currencies, taking the wind out of trend.
the boom, and subsequent declines The

The main public debate has fo have not restored the competitive cused on the liberalisation of shop hours, which was meant as a stimudropped sharply, and the current lus for the retail sector but which account is expected to stay in sur- has drawn hostility from both unions and small retailers.

The Socialist UGT union, up to

series of measures, announced last now the less aggressive of the two month by Sr Miguel Boyer, the big labour confederations, comeconomy "superminister," to reactiplained that tax cuts smacked of Reaganomics and did not square simultaneous government signed to come from \$600m worth of plans for cutting future pensions.

Pensions, which take up 60 per

cent of social security spending, were the first battleground chosen by the UCT. Sr Nicolas Redondo, the UCT

leader, has pointed the finger of blame for the first time directly at Sr González, writing off the last two years of austerity as "an utter failure" and accusing the Government ally freed from authorisation proce-

of improvising.

The creation of jobs and the maintenance of real wages, which were points one and two in the Socialists' proposed "100 measures," have returned to the centre of de-bate. Sr Redondo, who is also a so-cialist MP and could once have taken over the party leadership, threatens to divide the Socialist camp. With elections having to be held by autumn next year, that has now be come a serious political worry.

Move on political scandal, Page 2

Plessey dials the

THE LEX COLUMN

wrong numbers

The beauty of reporting quarterly should be that companies can smooth the flow of information to the market and avoid any shocks which was precisely what Plessey. yesterday. Everybody expected telecommunications profits to fall slightly, but the news that military communications earnings were way down sent a 240 volt jolt through the market. It now seems that Plessey's U.S. subsidiary. Stromberg-Carlson, has gone from bad losses to worse. With group pre-tax profits of £163.6m about £10m less than expected, the shares fell 26p to 148p knocking nearly £200m off the market value and about 5 per cent off

the electronics sector. After pouring a great deal of time and money into Stromberg-Carlson over the last couple of years, Plessey may hope to win approval by making loud noises about costcutting and retrenchment, although like the extent of Stromberg's losses, the details of this programme remain a mystery. For the short term this is indeed good news - next year's U.S. losses should be smaller. But until yesterday, Plessey was adamant that it had to have a strong U.S. presence in order to compete in international markets particularly while its home market. under the new BT regime, is less than cosy. Now, it is talking about pan-European co-operation - the stuff of which dreams, but not ne-

cessarily profits, are made.

Though the first and second quarters of the current year will not in-spire, profits should turn around enough in the second half for Plessey to make around £185m for the year, helped by the delivery of Im lines of System X. On this basis, the shares are on a p/e of over 10 even after yesterday's slippage - and the 4.3 per cent yield on the increased dividend may not yet persuade shareholders that they are being adequately rewarded for their risk. But for a potential bidder, Plessey must be the best value around vesterday, its market capitalisation added up to just nine months of sales or two thirds of the order

LMI/Allied

nered, of late that it takes a group of Yorkshiremen to display the oldfashioned tactic of turning defence into attack. In announcing an offer for Mayfield Yarns in the midst of contesting a bid from London & Midland Industrials, Allied Textile has discovered a narrow-spectrum poison pill whose consumption could be noxious only to LMI. Add a 75 per cent increase in total dividend from a group not previously known for distribution and it is not surprising that Allied Textile's share price is trading at a 6 per cent premium to the LMI offer.

Allied Textile weathered the recession in its principal business by starving all but the most promising subsidiaries of funds and using the esulting cash and investments as a balance sheet prop for the share price LMI made no secret of the at-tractions of this £21m cash pile. which Allied has exploited ably in recent years. Since 1980, it has paid no mainstream corporation tax and has been notably stingy with ACT. When the 1984 budget undermined the leasing shelter, Allied Textile sold the leasing company, together with its future liabilities for tax. and bought a new one. This should still shield it, even at the lower rate,

The agreed offer for Mayfield Yarns, the former yarn-processing division of ICI, might seem a curious reversion for a group on the way to becoming a cash shell. Yet although Allied Textile's offer document manages almost to ignore the LMI bid, LMI cannot afford to be so British takeover defences have haughty. The purchase of Mayfield

Textile's equity - quite a bite even for a group of LMI's ambitions. Although LMI and its advisers may feel sore. Allied Textile is consulting its shareholders, it is simply convenient that the extraordinary meeting falls just within the time-table of the LMI bid.

Dalgety/Gill

Dalgety has come to expect hard treatment from the City of London but yesterday's reaction to the agreed offer for Gill & Duffus was savage. The market all but ignored Dalgety's tentative suggestions of economies of scale and synergy and the share price was lucky to close only 17p down at 443p. In terms of market capitalisation, the City was saying that two and two makes no more than four - and maybe a bit less.

Having watched rather south while Dalgety reduced its exposi to excessive Australasian earnings and brought down its equity gear-ing the City was in no mood for a move in the other direction. After all, earnings from trading cocoa are not exactly rock solid and Dalgety's net debt now climbs back to 70 per cent of its equity. Gill & Duffus may not be terribly expensive at 162p a share; but a commodity trader, whose own diversification has failed and must now watch cocoa follow its other products into trouble, does not deserve much of a

In Dalgety's defence, the pur-chase should not involve any earnings dilution on the tax that Gill will actually pay. Dalgety can surely make some money out of the food business which proved too much for Gill Meanwhile, the Clarkson Fuckle insurance business is an oa-sis of growth and is probably worth some 30p over Gill's published net asset value of 140p.

Dalgety has a lot of business to

insure and can justify the posses-sion of a broker. But the most important question is whether Dalgety really needs a terminal trading operation as a superstructure to its * 1 physical business. It seems a bit less likely given the imminent deconsolidation of the Australian subsidiary, which will reduce Dalgety's

SKr 1bn By David Brown in Stockholm

SVENSKA VARV, the state-owned Swedish shipbuilding group, plunged back into huge losses last year. It now faces further restructuring, which might spell the end of the country's merchant shipbuild-

The group dived into the red to show a loss of SKr 1.03bn (\$116m) in 1984. This was a turnround of SKr 1.49bn from 1983, the only year the group had shown a profit since high-ranking state councillor, said its formation in 1977. 'Mr Olle Lund, Svenska Vary's

president, warned yesterday that he would announce a rationalisation programme after the general election in September.

The group is seeking immediate government approval, however, to write down its equity capital to half It will also have to seek a new

capital injection of about SKr 2.5bn and is likely to have to ask the Government to assume its loan guarantees of SKr 12bn. Sweden, once the world's second

largest shipbuilder after Japan, has closed down some 90 per cent of its capacity in the past decade. Kockums, its only other remaining shipbuilding company, which produces submarines and specialised cruise and roll-on roll-off vessels, says it must win a new order within months in order to survive.

Mr Land would not comment on the specifics of Svenska Vary's restructuring plan, but said the group intended to "focus more closely on other new activities" including the energy and offshore sectors.

Because of the extremely weak secondhand ship market, Švenska Vary has been compelled to write down by SKr 675m the value of 20 vessels which it holds as security on unnaid deliveries, and to write off a further SKr 400m in unpaid interest

Another SKr 350m loss was generated by the decision last autumn to shut down the troubed Uddevalla yard in one of Sweden's biggest in-dustrial closures to date.

Beyond the problems at Uddevalla, the group's two repair and re-building yards continue to generate significant losses and even the Gotaverken Arendal offshore operation reported lower profits.

AVERBEIGER LASSES OF THE STORY OF THE STORY

Chinese leaders urge caution as economy gathers speed

BY ROBERT THOMSON IN PEKING

THE CHINESE economy, fuelled by market forces, has gathered enough speed to convince those in the driver's seat that there is a danger of losing control.

In the past few weeks, various Chinese leaders have delivered lectures on the theme of "too much happening too soon," speaking of the "overheating" economy and stressing the need for caution in economic growth. . Zhao Ziyang, the Chinese Premi-

er, called for an economic "slowdown" but maintained that it would not mean "slamming the brakes on or a big readjustment." Song Ping, a that industrial development had progressed too quickly. On May Day, the Chinese Economic Daily emphasised "thrift and hard work," telling workers that China was a populous and poor country and cannot become prosperous over-

China's economy has come a long way in a short time. Figures just released by the Ministry of Commerce show that refrigerator sales rose 788 per cent in the first quarter of this year compared with the same period last year.

In the same period, electric fan sales were said to have risen 319 per cent, television sales by 47 per cent and tape recorder sales by 105

The Government, having noticed the conspicuous consumption (the sight of Japanese-made fridges perched on the back of bicycle trail-

BY OUR PEKING CORRESPONDENT

THE PORTUGUESE and Chinese

Governments agreed yesterday to hold formal talks on the handover

to China of the administration of

Macao, the small Portuguese-run

Agreement on the talks was

reached between Chinese leaders

and Sr Antonio Ramalho Eanes, the

Portuguese President, who is visit-

President Eanes told a news con-ference last night that the transfer

of Macao's administration was in-

evitable. He said the two sides had

not yet fixed a date for the start of

President Eanes confirmed that

the Macao issue had not been on

the agenda for meetings during his

visit. The Chinese side, he said, had

the talks.

raised the matter.

territory in southern China.

per cent.

ers is no longer an oddity here), has become noticeably edgy about the loss of its cherished foreign curren-Between September last year and April this year, the reserves

dropped by more than 10 per cent from \$16.6bn to \$14.4bn; the Government has conceded that the fall was mainly due to record imports of foreign goods.

That is one good reason for gently applying the brakes. Another

growing concern of the Chinese (the average urban dweller earns would not affect China's relations about Y610) have unreasonably ac- with other countries celerated people's expectations.

There is undoubtedly a fear that the anti-reformists, referred to in the press as "enemies of the refor- savoury practices of proliteering mist line" and said to exhibit "un- speculation in scarce commodities healthy tendencies," will capitalise and illegal trading in foreign curon any disenchantment and at- rencies by government officials and tempt to block the reformist move- private citizens. ment headed by Deng Xisoping, the

The need for more control over the economy was stressed by Zhao Ziyang, a strong supporter of the pragmatic Deng line, in a report to the National People's Congress, the Chinese parliament

China on Hong Kong. That is due to

be ratified by the Standing Commit-tee of the National People's Con-

gress on Monday, shortly before Zhao Ziyang, the Chinese Premier,

arrives in London on an official vis-

A Macao agreement is likely to

prove much easier to negotiate than

the Hong Kong deal. Portugal has

regarded it as Chinese territory un-

der Portuguese administration since the two countries established

The Macao and Hong Kong

agreements are likely to form the

launching pad for China's ultimate

A joint communique, issued yes-

the reunification with

diplomatic relations in 1979.

admitted that he and other Chinese leaders "lacked experience" in executing the large-scale economic

He said that there had been a "drastic" increase in credit during 1982, with bank loans increasing 28.9 per cent and the Government's payroll rising 21 per cent. He condemned the blowout in currency supply and accused some enter prises of "indiscriminately" raising wages. An expected jump in the budget deficit from Y3bn to Y5bn

edge. Sales to the U.S. have

The changed outlook prompted a

vate consumption and investment.

The boost to consumption is de-

tions for most taxpayers of between

1 and 9 per cent will be followed by

new tax scales in next year's bud-

fixed investments whenever they

choose, an important change in con-

ditions. Foreign investment is virtu-

dures, new companies become eas-

ier to start up, incentives for job

creation and youth employment are extended and indirect help is pro-vided for the building industry,

Companies are given the freedom

plus but not by much.

was lamented. ...This week Zhao noted that the economy developed at an excessive speed in the fourth quarter of last leadership is that the fanfare ac-companying economic reforms, and widely circulated stories of peas-the economy at a suitable speed. He told a visiting Danish governants earning Y10,000 (\$3,500) a year ment minister that the slowdown

> The leadership, in encouraging initiative and consumption, has also inadvertently encouraged the less

> Earlier this month numerous banana sellers appeared on the footpath of Peking's main street, many of them more interested in changing money with foreigners than selling bananas. While the anti-reformists in the

polithuro regard these practices as Zhao, wearing a Mao jacket in- a good enough excuse to halt re-stead of his usual Western-syle suit, form altogether, the present Chinese leadership is not for turning. Move on political scandal, Page 2; Nicaragua loses Spanish trade

in a "friendly atmosphere.

nique said.

affairs of Macao."

the territory."

The two sides agreed to hold

talks in the near future on resolving

the question of Macao through

diplomatic channels," the commu-

According to the communique,

President Eanes and Chinese lead-

ers "reviewed with satisfaction" the

"good co-operation between the two

governments in dealing with the

Later, the Portuguese President, who is the first head of state from

Portugal to visit China, said both countries share "the aim of main-

taining the stability and progress of

Coalition problems in Lisbon,

Page 2

BAe may bid for **Scottish** shipyard

BRITISH AEROSPACE (BAe) is considering bidding for the Hall Russell shippard in Aberdeen, Scot-land, put up for sale under the UK Government's privatisation pro-

The missiles-to-civil-aircraft manufactorer confirmed that senior managers visited the yard yester-day and that it had held talks with Lazard, the merchant bank appointed by British Shipbuilders to find a

Hall Russell employs about 800 people and specialises in building fast patrol boats for the Royal Navy. BAe believes that it could use the yard to build boats equipped with missiles, as a logical extension to its naval weapons business. Last year, BAe's guided weapons business made trading profits of £105m (\$132.7m) on turnover of £791m.

Two months ago, GEC, another leading UK defence electronics supplier, successfully bid £34m for the Yarrow warship yard on the Clyde. GEC has yet to pay the sum be-cause it has not agreed pay and manning levels with the trade unions. Talks were adjourned 10

days ago.
The asking price for Hall Russell is likely to be between £3m and £4m, but it would still represent a significant move by BAe.

The chances of the group's bid proving successful increased this week. A rival consortium led by Mr Portugal agrees to Macao talks Ross Belch, former managing direc-tor of the Scott Lithgow yard on the Clyde, and Mr Iain Sproat, the former Conservative Member of Parliament and shipping minister, withdrew its £1.5m offer, which it described as the only credible bid to have been made.

It emerged yesterday that the consortium had talked to BAe earlier this year with a view to launching a joint bid for Hall Russell. Under the plan, BAe was to take a 49 per cent stake in the business.

BAe has subsequently decided to go it alone, encouraged by potential orders from the Ministry of Defence. Hall Russell made £765,000 trading profits in the year to March 1984, but its present order book is

By far the most important MoD contract might be the offshore patrol vessel Mark 3 (OPV3) project, which may emerge as a corvette de-

Continued from Page 1

not cut pensions benefits for 38m ageing Americans as the Senate version does, and it trims welfare and other federal spending programmes less deeply.

cess, which is due to begin in June, is for a conference committee of the Senate and the House to try to work out a compromise between the two conflicting budget plans, something which, it is feared, could still cause the budget process to collapse.

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New car for Peugeot

future of the tiny enclave follows istry, said the transfer of Macao's the agreement between Britain and administration had been discussed

geot's decision to remain a large UK-based car manufacturer whatever the name of the new car.

though Peugeot said yesterday it would continue to manufacture Talbot cars next year and would retain

The French car group is new due to report its consolidated group results at the beginning of next

Battle over U.S. budget cuts likely

from the Senate version - it does

The next stage in the budget pro-

The decision to open talks on the terday by the Chinese Foreign Min-World Weather Continued from Page 1 M Calvet emphasised yesterday that what was important was Peu-

> In past months, there had been considerable speculation in France over the future of the Talbot marque which has seen its domestic market share steadily slump. Al-

the new car a Peugeot in France ap- carry-backs.

pears to signal a phasing out of the Talbot marque, at least as far as the domestic French market is con-

month, and they are expected to show a sharp fall in losses. Peugeot had a group deficit of FFr 2.59bn in 1983 and recently said it expected losses to be cut by at least half in 1984. The figure could be even lowuse of the marque for eventual fu- er as a result of the favourable imture models, the decision to name pact of tax credits on previous loss

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SECTION II - COMPANIES & CAPITAL MARKETS

FINANCIAL TIMES

Friday May 24 1985



SALES SOAR 16 PER CENT IN DEPRESSED MARKET

Daimler starts year strongly

BY JOHN DAVIES IN FRANKFURT

DAIMLER-BENZ, the West German motor vehicle group, has begun this year with a powerful momentum, its sales revenue running well ahead of a year ago.

Executives have also given broad hints of a generous approach to shareholders to coincide with the company's automobile centenary celebrations next year.

Professor Werner Breitschwerdt, (\$5.4bm) in the first four months of its new registrations in West Gerthis year, up a hefty 16 per cent on many rose 4 per cent to 94,000 and

the same period last year.

The increase was only slightly buoyed up by the full takeover of the MTU engineering concern, because of the MTU engineering concern and t cause its sales were not included ness. With its production capacity until April.

buy out its equal partner in MTU model ranges.

model ranges.

Everything indicated that in its abroad.

Sales revenue from cars at DM automobile centenary year the company would be able to present an mercial vehicles sales revenue of mercial vehicles and different DM. buy out its equal partner in MTU with output increasing in all three

West Germany car market, Daim-showing a spirit of partnership with ler-Benz has been enjoying in shareholders and employees, Prof. ler-Benz has been enjoying in-creased sales in domestic and foreign car markets for all three of its model ranges.

Preussag first

quarter profits

By Jonethan Carr in Frankfurt

DAIMLER-BERZ SALES (DMbn) 1983 1984 22.9 23.1 North America Latin America

Its car production in the first four the chief executive, said worldwide months of this year was 10 per cent sales revenue reached DM 16.6bn up on a year ago at 190.842, while (\$5.4bm) in the first four months of its new registrations in West Gerexports rose 16 per cent to 100,337.

expanded, the company expects to Daimler reached agreement to produce more than 540,000 cars,

dynamic aerospace and research group.

"appropriate" result for 1985, he In contrast to the decline in the Breitschwerdt said.

> Such remarks have aroused speculation about a dividend bonus and

ecutives have avoided any clear profitable last year.

Daimler-Benz's group net profit after tax exceeded DM 1bn last year for the first time, with an increase of 11.7 per cent to DM 1.1bn on sales 8.8 per cent ahead at DM 43.5bn.

conflict over shorter working hours. the parent company held its net profit at DM 711m and maintained its dividend of DM 10.50 a share. The strike thwarted plans last year for a substantial rise in car output, which eventually rose 0.5

Commercial vehicle output worldwide edged ahead to 210,929 last year, with a 9 per cent decline in West Germany to 143,101 being off-

DM 18.4bn, with an additional DM Breitschwerdt said. 1.9bn being earned from other ac-

Two years ago, commercial vehi-cles traditionally produced more sales revenue than cars.

possibly even a scrip issue, but ex- cial vehicle production remained

Truck and bus markets worldwide have been hit in recent years by the effects of recession, government spending curbs and the international debt problems of develop-

Markets so far this year showed no basic change on a year ago, Pro-lessor Breitschwerdt said.

Output from Daimler-Benz's com-mercial vehicle factories in West Germany this year would be about the same as last year, while output abroad would show a further in-Despite market setbacks, Daimler-Benz has kept up employment, partly as a result of moving some of its wide-ranging operations from

tegrated production network in West Germany. The company would intensify its efforts to make the most efficient use of this network, Professor

one factory to another within its in-

The company intended to strengthen its worldwide commercial vehicle activities, with the aim of opening up new markets and ales revenue than cars. building up long-term prospects for Prof Breitschwerdt said commer- exports from West Germany.

Kaufhof prospects look bleak

BY RUPERT CORNWELL IN COLOGNE

up 10 per centprospect for Kaufhof, which after were suffered by the parent compaKarstadt is the second largest West ny Kaufhof AG, which registered a continuing flatness of consumer the 109-store Kaufhalle chain of continuing flatness of consumer the 109-store Kaufhalle chain of continuing flatness of consumer the 109-store Kaufhalle chain of continuing flatness of consumer the 109-store Kaufhalle chain of continuing flatness of consumer the continuity of the continuit PREUSSAG, the West German metals, energy and transport concern, has made a strong start to this year spending in the country, and the smaller outlets, which lost 3.9 per after boosting its 1984 profits, sales steadily increasing preference of its cent to DM 503m. Improvements by Dr Guenther Sassmannshausen,

chief executive, said first quarter DM 8.42bn (\$2.74bn) at group level Wenz, were not enough to make earnings were up by more than 10 from DM 8.57bn, showed another good the difference. per cent against the same period of 1984. drop in the first four months of the Key reasons were the higher price of zinc and the stronger doity chief executive. lar, which raised D-Mark earnings

Herr Odenwald, who is due to on business done in U.S. currency. take over from the outgoing Herr which it is pushing through.

The group is also hoping for appriedrich Roesch as head of KaulBetween the end of 1983 and this provat from the Federal Cartel Of-Last year Preussag was able to increase world group net profit to DM 154.5m from DM 135.9m in haf next month, reported that between January and April 1985, turn-over of the group fell back a further 1983, on turnover up by 10.1 per cent to DM 13.7bn. 1.7 per cent to DM 2.87bn.

shoppers for smaller speciality Kaufhof's travel agency and mail stores.

Kaufhof's travel agency and mail order subsidiaries, ITS Internation-Sales, which in 1984 declined to al Tourist Services and Friedrich

Kaufhof is now selling less than current year, according to Herr it did in 1980, and Herr Odenwald

Jens Odenwald, the concern's depucould promise little improvement in crease the specialisation and appeal

tional and priced at 100%. The Inter-

Nikko Securities.

and \$500,000.

SwFr 120m led by Soditic.

that of a Eurocredit. The margin is

sold in denominations of \$10,000

ket's existence, as many predicted a

lation by other countries, removing

love bearer bonds," he said.

ANOTHER uninspiring year is in The most important setbacks 1985 results, with high unemploy

Last year, as previously announced, Kaufhof cut its dividend to DM 6.50 per share from DM 7.50 for 1983, following a fall in group profits from DM 69m to DM 60m, and in cashflow from DM 227m to DM 250m. The concern's return on investments declined from 11.6 per cent to 9.7 per cent.

Kaufhof's strategy remains to inthe short-term, despite the rationalisation and restructuring measures of its stores, by tailoring its selection of goods to customer demand.

April, these have cost over 5,500 fice in Berlin of the planned merger jobs, bringing the total workforce of ITS with NUR, the Frankfurt-down to 40,500. Even so, the group is refusing to make any forecast for Karstadt.

INTERNATIONAL CAPITAL MARKETS

U.S. returns for \$1bn

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

THE U.S. Treasury is to make its have realised that the ease with through a five year 9% per cent third sortie into the Eurobond mar-which it can be sold back into the bond led by Bank of Tokyo Internaper specially aimed at international liquid. Swiss investors have also re-

paper is to be auctioned next Wed-nesday alongside a \$7bn issue of As a resimilar maturity domestic bonds. sues, which at one stage were trad-This is the first time the Treasury ing on the same yield as their dohas tapped the Eurobond market mestic counterparts, have improved since last November.

Bankers say they expect the new offering to be more successful than the Treasury's previous \$1bn issue because a more favourable attitude

a cautious reception from Swiss in- dard Chartered. the future the Treasury could impose full disclosure requirements

BY MAGGIE URRY IN HELSINKI

in charge of Eurobond syndication at Goldman Sachs, said in a panel

discussion that the primary market

has not yet shown itself capable of

bringing new issues on terms that

make economic sense and which al-

low the distribution of paper to end

bridge the gap either by selling bonds at a loss or holding them and hoping for a better market.

suing house, argued that the pricing

of a deal cannot be called right or

wrong because the market can

buying an issue. For example, with the EEC floating rate note issue,

launched on Wednesday, CSFB

bought \$1.85m worth of paper and ket was raised. could not afford to misprice it. Mr Rudloff s

move rapidly.

ket with an offer of up to \$1bn in pa- New York market makes it highly American Development Bank has launched a Y30on, 13 year, 7.1 per cently shown signs of saturation The issue of five year two month where corporate bonds are con- cent Samurai bond at 99.9 through

> As a result the two previous isto trade at a yield about 50 points

The Eurobond market itself was rather quiet yesterday with prices steady to slightly lower, though selltowards the paper has emerged in ing pressure remained on this Europe, particularly Switzerland. week's \$1.8bn EEC floater and on Initially the Treasury bonds met the £150m perpetual issue for Stan-

vestors because they were not Among new issues were a \$100m, launched in full bearer form. Banks eight year, 10% per cent bond were worried that at some stage in launched at 100% per cent for Canadian Pacific by Orion Royal Bank. The deal was regarded as tightly priced and traded just outside its 2

The politics of bond pricing

THE CONTROVERSIAL question Asked from the floor why CSFB's manager of an issue put a bid price of the pricing of new Euroboud issues were sometimes over-aggression the brokers' screen, the bid

Mr Rudloff replied that co-manag-

This point was disputed by some

speakers. The new international

primary Market Association recom-

mendations were the best way to

make sure that lead managers took

the consequences of pricing deals by having to bear the cost of stabili-

nent figure in that association.

Mr Rudloff suggested that the

trend towards borrowers asking

Mr James Ammerman, of the

U.S. Treasury, and Mr Peter Eng-

strom, director of the Swedish Na-

accept or decline an issue.

on the identity of holders.

Now, however, demand for the per cent faes.

Bank of Tokyo is raising Ecu 40m

of the pricing of new Eurobond issues were sometimes over-aggressues was hotly debated yesterday at sively priced – for instance, the the Association of International Standard Chartered perpetual mismond Dealers' annual conference in match floater and the EEC floater –

Mr David Watkins, vice-president ers had a free choice of whether to

Lead managers of deals had to sation, said Mr Watkins, a promi-

Mr Hans Joerg Rudloff, deputy banks to compete for a manual banks to the banks to th

Lead managers now pricing issues before canvassing demand in the market are taking a big risk in hundred an issue. For example, and the comportant to price market the opportunity to price

Warrants that go to waste

By Our Euromarkets

NEARLY half the warrants accompanying bonds issued in the Euromarket expire unexercised, according to a new study by Orion Royal

Crédit Suisse is expected to launch today a SwFr 100m issue for A detailed examination of 38 is-Japan's Electric Power Developsues of debt warrants that expired before the end of March reveals ment Corporation. Also in Switzerland Coleco, the U.S. toy manufacthat only 38.8 per cent were exertirer, is planning a dual currency convertible private placement up to cent were repurchased by the bor rowers themselves. That left 49.6

In Asia, Hyundai Engineering of Korea is planning an unusual \$50m, eight year floating rate note led by LTCB (Asia) with pricing similar to 1980 and the end of March this to be % per cent over six-month Libor for four years, rising to % per cent thereafter. The bonds will be conds if all had been exercised.

A survey of the exercise pattern shows that most warrants are exercised towards the end of their life. although intermittent exercise activity occurs throughout the life of longer-dated warrant issues particularly. This pattern clearly de-pends on the level of interest rates and those bond warrants which remain unexercised tend, naturally, to be ones allowing the purchase of paper at rates below market levels

manager of an issue put a bid price on the brokers' screen, the bid should be identified as coming from the lead manager.

The Orion study points up, however, some pitfalls for issuers of warrants, for example where borthe lead manager.

The repeal of the U.S. withholding tax last summer had proved not cise by buying them back in the

This can push up the cost of their year ago, speakers said.

Mr Watkins felt that the market
had proved itself as a separate and rise by 62 basis points as result of distinct market.

An extensive repurchase proMr Rudloff pointed out that the
lifting of the tax had the beneficial faced increased costs in the range effect of setting off market deregu- of 8 to 20 basis points.

Intermittent exercise by inves-

sibility of an early death for the in- are exercised. fant Euronote market. He said that Several borrowers contacted for The thorny question of the role of bond brokers in the primary martoo many houses, to claim to be able crease in trading activity in their to place paper and too few who ac-Mr Rudloff said that, if the lead tually could. warrants during the month before

CBS may strengthen takeover defences

By Paul Taylor in New York

CBS, the U.S. broadcasting group. said it was considering a range of neasures designed to strengthen ts defences against Mr Ted Turner's hostile \$3bn bid for the group. In response Turner Broadcasting System (TBS) said yesterday that it ould watch the CBS moves closely and expressed the hope that "any action they take will not be motivated or have the effect of frustrating the ability of their shareholders to consider our offer."

CBS, in an amended U.S. Securities and Exchange Commission (SEC) filing, said it "intends to examine" the possibility of acquisi tions, divestitures and a stockbuyback recapitalisation scheme as part of an effort to rebuff TBS's un-

velcome bid made last month. The CBS move appears to represent a change in strategy for the broadcasting, publishing and record group which had said that it was not considering any of these

However, in the wake of a directors meeting the group said it "intends to examine various alterna-tives that may include, without limitation, the issuance of additional securities of the company, the re-purchase of outstanding securities of the company, the acquisition of disposition of assets or business changes in the company's capitalisation and possible business combinations involving the company."

CBS said that it "wanted to have the flexibility to consider such alternatives," but said it would not necessarily undertake any of these ac-

In the wake of the TBS offer for 67 per cent of the group, CBS has launched an aggressive counterat-tack bringing lawsuits against TBS. The company is also rumoured to have held talks with a number of possible merger partners.

Wall Street remains sceptical about the TBS offer

Electrolux profits edge ahead as export markets weaken

BY KEVIN DONE IN STOCKHOLM

ELECTROLUX of Sweden, the the harsh winter, but private control investment in Zanussi was beleading European manufacturer of sumption was stagnating in the ing considered. household appliances, increased its profits after financial items by 7.7 per cent to SKr 601m (\$67.6m) in the first quarter from SKr 558m in the corresponding period last year.

Group sales grew by 9 per cent to SKr 8.9bn compared with SKr 8.2bn ducer.

Group sales grew by 9 per cent to SKr 8.2bn ducer.

A things to Skr 2 m was taken groups, increases one cent in the first four months of the acquisition of Zanussi, the Italian white goods proper cent to SKr 473m from SKr 560m a year earlier.

a year earlier.

Mr Anders Scharp, managing di-rector, said that markets for the group's main products had weak-ened in the first three months of

Lower demand in January and had injected into the company. February was partly explained by

Mr Scharp said that Zanussi lux would be forced to "adjust the

, while demand was lower in Svenska Cellulosa (SCA), one of Central and Southern Europe.

A charge of SKr 25m was taken

the leading Swedish forest products groups, increased sales by 8 per

Mr Scharp said that Zanussi Group turnover rose to SKr losses had proved much higher 3.85hn from SKr 3.58hn in the first than expected last year and Electrofour months of 1984.

Profits in the early months of the balance between equity and year have been reduced by the convertible loan stock," which it harsh winter, which obstructed both production and shipments No further increase in the group's from Northern Sweden.

New step for currency options

BY ALEXANDER NICOLL IN LONDON

THE London and Philadelphia obligation to buy or sell a fixed totalled £30m at Wednesday's close. stock exchanges have set an au-tumn target date for making their currency options contracts, which egan trading in London last week, completely interchangeable.

The move allows an option bought in London to be sold in Philadelphia, and vice versa. It is designed to be the first step towards a 4-hour market, with the Hong Kong Futures Exchange expected to be brought in at a later date.

Exchange-traded currency op-tions, pioneered in Philadelphia, give the buyer the right, but not the

amount of currency at a specified

The seller has the obligation to deliver the currency if called upon. tract, denominated in £12,500 (515,870) amounts, is identical to Philadelphia's and has had daily volume of about 500 contracts since

the first day.

Market liquidity could be considprice at any time before the expiry erably enhanced by the Philadelphia arrangement, which still needs various regulatory consents and

technical details to be resolved. The London sterling/dollar contracts - the technical term is fungibility - raises several important

Could it mean that the powers of the Securities and Exchange Commission, the U.S. regulatory agency, Open positions - the amount and the Bank of England were imwhich would be delivered if all out- plicitly extended into each others

Tokyo index futures for Chicago

BY CHRIS SHERWELL IN SINGAPORE AND GORDON CRAMB IN LONDON THE CHICAGO Mercantile Ex- as well as the broader Nikkei 500 this year. Mr Ng Kok Song, the

change (CME) has been granted licensing rights by Nihon Keizai Shimbun, the Japanese business newspaper, allowing futures and options contracts to be launched in its Nikkei stock market indices.

The seven-year agreement covers the closely-followed Nikkei average of 225 leading Tokyo shares – which was known in the past as the Nikkei-Dow Jones market average but is in the process of being renamed -

average. No financial terms were chairman of Simex, welcomed the yesterday disclosed for the deal.

Trading of the contract is expected to begin not in Chicago but on the Singapore International Monetary Exchange (Simex), under a sub-licensing arrangement with the CME - to which Simex is already linked through a mutual offset facility for liquidating positions.

Dealings are due to start later zone proximity to Tokyo.

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announcement yesterday and said he hoped it would result in substantial Japanese business for the ex-change, which has had mixed fortunes since it opened last Septem-

Dr Clayton Yeutter, president of the CME, said Singapore had been chosen because of its greater time

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to be a threat to the Eurobond mar market.

barriers to the free flow of capital.

The U.S. Treasury regarded its also cause problems where the issudebt sales in the targeted form deer cannot call the host bond until signed for non-U.S. residents as the warrants expire. The creation of successful, Mr Ammerman said. extra bonds has led to an unfore-Mr Rudloff hoped, however, that seen increase in the borrower's the special registered format of long-term debt and total balance these bonds was only an intermedi-sheet, although some issuers have ary step towards the issue of bearer protected themselves against this bonds by the U.S. Treasury. "We by the incorporation of a clause allowing optional redemption of the Mr Engstrom warned of the pos- host bond as and when warrants

7%% Bearer Bonds of 1985/1997

Issue Price: 100% - Interest: 7 ½ % p.a., payable annually in arrears on May 15 - Redemption: on May 15, 1997 at par - Denomination: DM 1,000 and DM 10,000 - Security: Negative Pledge Clause - Listing: Frankfurt/Main

DRESDNER BANK

BAYERISCHE VEREINSBANK

DEUTSCHE BANK

Abu Dhabi Investment Compan Algemene Bank Nederland N.V. Algemene Bank Nederland N Al-Mal Group Armo International Limited Arab Banking Corporation – Daus & Co. GmbH Bankhaus H. Aufhäuser

Baden-Württembergische Bank Aktiengesellschaft Badische Kommunale Landesbank

Banca del Gottardo Banco di Roma BankAmerica Capital Markets Group Bank für Gemeinwirtschaft Aktiengesellschaft Bank Leu International Ltd.

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Strauss Turnbull Limited
Svenska Handelsbanken Group Swiss Bank Corporation Inten Trinkaus & Burkhardt

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RATES

Glico hard hit by blackmail campaign

EKAZI GLICO, Japan's leading confectionery maker, yesterday reported annual results which showed the severe inroads made by last year's campaign by miidentified extortionists who threatened to poison the company's products with cyanide.

Pre-tax profits plummetted
67.3 per cent to Y3.9bn (\$15.5m) in the year to March. At the net level a 79.6 per cent plunge left earnings of Y1.23bn, on turnover 20 per cent lower at

Y96.16bm The bizarre events began last March when blackmailers kidnapped Mr Katsuhisa Ezaki, Glikco's president, and de-manded Yibn. The ransom was not paid and Mr Ezaki escaped. But then attempts began to poison Glico chocolates.

The company set aside Y1.55bn for extraordinary

For the current year the company forecasts a recovery in sales to Y110bn.

Durakool Corp.

has sold all of its assets to

We initiated this transaction and acted

as financial advisor to Durakool Corp.

Bear, Stearns & Co.

April 1985

Amsterdam/Geneva/Hong Kong/London/Paris

New York/Atlanta/Boston/Chicago/Dallas/Los Angeles/San Francisco

Buoyant U.S. trading Hong Kong boosts Mitsui & Co

BY OUR TOKYO STAFF

companies, which sell every-thing from noodles to rockets buoyant U.S. economy.

Nonetheless, the three com-panies—Mitsubishi Corporation, Sumitomo Corporation and Mitsui and Co—unanimously expect a slowdown in the growth of the U.S. economy in the current year, with little or no growth in profits expected for the year to next March.

Mitsui & Co, Japan's third largest trading company, fared the best of the three, reporting a 17.6 per cent jump in pre-tax profits to Y39.9bn on sales up 6.7 per cent to Y14,900bn. Gross margins at Mitsui were also the

the previous year.

Net profits were down, however, at Y5.19hn against (Y30.3).
Y6.17hn, or Y5.27 a share compared with y18.68hn, or Y31.3 per share ever, at Y5.27 a share compared with Y6.26. This followed bishi suffered some erosion of extraordinary provisions, their gross margins last year.

American Electronic Components, PLC

THREE OF Japan's top trading notably for its involvement in companies, which sell every the Bandar Khomeini petrochemical project in Iran.

throughout the world, all mitsubish Corp, the largest report marked improvements in earnings for the year ended respectable 11 per cent increase March, largely thanks to a in pre-tax profits to Y51.7bn on in pre-tax profits to Y51.7bn on sales of Y16,437bn, up 9.3 per cent. Net earnings were Y23,16bn (Y16.49 a share) against Y20.32bn (Y15.93). In addition to the strong U.S.

economy, Mitsubishi executives said yesterday a marked improvement in its domestic businesses, such as steel trading, had helped to boost profits. Domestic activities are more profitable than its export and

import businesses.
Sumitome Corp, which ranks among the trading companies, reported a 7.4 per cent increase at the pre-tax level to Y45.5bn, best of the three, at 1.52 per on sales up 13.3 per cent to cent, a slight improvement on the previous year.

Net profits were down, how-

publisher shifts base to Australia

By Lachlan Drummond in Sydney MISS SALLY AW, the Tiger Balm heiress, has announced moves to shift ownership of her Sing Tao newspaper group from Hong Kong to Australia in an A\$45m (U.S.\$31.1m)

The switch of domicile will be executed through a take-over of Sing Tao by Cereus of Australia, a stock exchange listed corporate shell in which Miss Aw bought a 75 per cent

stake last November.
In Sydney yesterday Miss
Aw, in response to questions
about why she felt it necessary to leave Hong Rong, said
only that her business empire had become more inter-nationally orientated and that Australia was a good place to

set up.

However, her political sympathies are thought to have driven her to shift her base from Hong Kong ahead of the 1937 handover to China. She has been building property interests in Australia for some time, part of which are to be transferred to Cerens. to be transferred to Cereus. Cereus will complete the

Cereus will complete the deal through a scheme of arrangement which will see A\$38.5m of cash paid for Sing Tao, with shareholders getting a further A\$6.6m through an issue of shares in a Sing Tao subsidiary, Cinclus.

Cincius.

Miss Aw's 78.22 per cent
stake in Sing Tao will be
bought for HK\$7.50
(US\$0.97) a share plus
HK\$1.50 in Cinclus shares
while other shares will be
traded for HK\$11.50 cash
plus a Cinclus share at
A\$1.50.

Another related Australian company, Ariadne Australia, is to then buy the Aw interest is to then buy the Aw interest in Cinclus—which is to be listed in Hong Kong with HK\$35m of cash and securities as its sole assets—for HK\$2.06 a share. A general offer will then be made provided Cinclus shareholders for the state of the st first agree to taking a 49 per cent stake in a subsidiary of an associate of Ariadne.

In the process of transfer-ring the interest from Hong Kong to Australia, Miss Aw will be liberating something more than A\$25m from her Sing Tao investment. While the purchase by Cereus will be funded in part by share placement. placements requiring around A\$3m from the Aw interest. the bulk of Cereus' funding will be through an issue of debt like redeemable preference shares.

Reuter adds from Sydney: John Fairfax, the Australian media group, said it would not accept a bid for David Syme and Co, publisher of the Melbourne Age, launched by Robert Holmes à Court's Bell Group. Syme is valued

Japan's top electronics groups show sharp gains

BY CARLA RAPOPORT

panies, yesterday reported sharply improved profits for the year to March on the back of surging exports, notably to the U.S. and China.

dramatic 53.2 per cent gain in pre-tax profits to Y85hn on sales up 17 per cent to Y1,858hn. Sales were led by the strong export performance of the company's semiconductors, computers and office automation equipment.

BY OUR SYDNEY CORRESPONDENT

largest of the three big private costs and the funds from a con-banks and the net total out- vertible note issue last August

has rounded off the interim profit reporting season for the

banks and the net total out-strips that of its larger rival,

digested its acquisition of Grindlays in the UK

HITACHI, Toshiba and Mitsu- largest electrical company, also sales to Y500bn. The group bishi Electric, three of the reported a strong profit in plans a Y148bn investment in world's largest electronics comcrease, but said that domestic expanding its semiconductor demand for heavy electrical plant equipment added to the capacity this year. All three companies also expect their profits growth to gains realised from its export

surging exports, notably to the U.S. and China.

Hitachi, the largest of the three, pushed up parent compared to Y144bn estate of the three, pushed up parent compared to Y145bn, a 25 per cent increase.

A Tachiba official said up to the U.S. economy. Mitsubishing the U.S. economy. Mitsubishing the U.S. economy. Mitsubishing the U.S. economy. Hitachi, the largest of the three, pushed up parent company pre-tax profits by 37 per cent to Y256bn (\$1.02bn) on sales up 14 per cent to China jumped from Y20bn in tax profits for the current year ments of semiconductors rose by almost 70 per cent in the current year. In the semiconductor marks are expected to reach Y150bn in the current year. In the semiconductor marks are in pre-tax profits to the current year. In the semiconductor marks are in pre-tax profits to the current year. In the semiconductor marks are in pre-tax profits to the current year. In the semiconductor marks are in pre-tax profits to the current year. ket, Toshiba's sales increased increase in pre-tax profits to by 55 per cent last year to Y2.8bn and an 8.3 per cent inby 55 per cent last year to crease in sales.

All three companies predicted a marked slowdown in growth in electronic components for the Net profits for Hitachi in the latest year were Y105.4bn (Y83.4bn) or Y37.60 a share (Y29.76); for Mitsubishi Electric Y34.5bn (Y28.4bn) or Y21.19 (Y17.62) a share; and for Toshiba Y65.5bn (Y50.24bn) or Y24.53 a share (Y19.90). current year, largely because of slower demand for all but the equipment, as well as healthy domestic sales.

Toshiba, Japan's second cent drop in its semiconductors.

Net profits for Hitachi in the

The result came as gross

income rose from A\$1.49bn to

The dividend is being lifted

advance by **Asahi Chemical**

Steady

By Jurek Martin in Tokyo

ASAHI CHEMICAL, the diversifying textile manufacturer which has been the hottest stock on the Tokyo Stock Exchange this year, has reported fiscal year results well in line with market expecta-

In the year which ended in March the parent company made pre-tax profits of Y35.52bn (\$141.79m) up-from Y26.82bn, on sales of .Y765.29bn against Y706.46bn

For the current year, it cautiously forecast only a slight increase in profits to Y360n, on sales of Y810ns. Ashi Chemical has been in the investor spottight, with its share price rising by about 60 per cent over the past three months, because of reports of its research work into tumour necrosis factor (TNF), an anti-cancer agent. tribute to sales or profits,

its current strong suits remain synthetic resins, rubber and housing materials the in-crease in sales of which more than offset a levelling off in textiles, brought about by sluggish rayon exports.

NATIONAL AUSTRALIA Bank its improved result to growth thing of a landmark for the has rounded off the interim in trading and savings bank ahead of the arrival of profit reporting season for the deposits and lending, strong decountry's private sector banks mand for housing finance which licensed banks. At the net level, earnings emerged at Y14.01bm or Y12.26 per share, compared with Y11.12bn or Y10.20 a

wo other diversifying textile concerns also reported better than expected returns yesterday, Mitsubishi Rayen and Teijin both appear to have pursued successful cost cutting exercises because both noticeably improved

their profit margins.

Mitsubishi Rayon earned
Y10.52bn (Y8.40bn) before
tax on sales of Y221.01bn (Y215-97bn. Teijin's taxable profits came to Y27-71bn (Y20.35bn) on sales of Y431.96bn (Y425.32bn). Both forecast modest improvements

Carter Holt earnings up 55%

ligested its acquisition of growth rate should be main—The dividend is being tained for the full year but from 12.5 cents to 13.5 National Australia attributed that the year would be some a share.

National Australia Bank ahead

country's private sector banks with a 32 per cent surge in net earnings to A\$144.9m (U.S.\$ ing bank, steady margins in the saving bank area and offshore expansion.

A\$109.5m.

deposits and lending, strong demand for housing finance which licensed banks.

The final half will include some first-time benefits from recent deregulatory moves on interest rate dealings on small

the ANZ, which turned in a Mr Nobby Clark, deputy chief grew by 25 per cent from pedestrian A\$140m total as it executive, indicated that the A\$847.3m to A\$1.06bn.

Additionally, strict control of amounts.

BY DAI HAYWARD IN WELLINGTON

CARTER HOLT, the New acceptance from shareholders. Zealand timber and exporting With the agreed acquisition of cause of its efforts to convert company which is currently engaged in New Zealand's Carter Holt now has \$4.1 per cent acceptance from AHI share holders.

NZ\$551m acquisition of Alex

The 55 new cent in most NZ\$551m acquisition of market Harvey Industries, the packag-ing company—has recorded NZ\$38m net profits for the year to March, up 55 per cent.

Carter Holt outmanoeuvred and woodchips to Australia.

ACI International of Australia Its Australian subsidiary.

Its Australian Southern Australian Perpetual has obtained 28.5 per cent Forests, recorded a better

JAPANESE RESULTS

Its 55 per cent jump in profit was boosted by the lower value of the New Zealand dollar and through big demands for its ex-ports of fish, timber, woodpulp and woodchips to Australia.

Export sales were up by 41.4 per cent to NZ\$187m, providing 40 per cent of total sales which 44 per cent to

A final dividend of 6.5 cents a share is declared, making a total dividend of 12 cents a share, plus a 2 cents a share bonus for the year. Dividends are tax free.

: 50

The Republic of Italy U.S.\$500,000,000 Floating Rate Notes due 2005

due 2005
In accordance with the provisions of the Notes, notice is bereby given that for the Interest Period from 24 May, 1985 to 24 June, 1985 the Notes will carry an interest rate of 7%% per amum. The interest payable on the nelevant interest payable on the ISS67-81 per USS10,000 nominal amount and will be paid only through Cedel SA and Morgan Guaranty Trust Company of New York, Brussels Office, as operator of the Euroclear System, is accordance with the terms of the Temporary Global Note. porary Global Note.

24 May 1085

FUJI PHOTO FILM PHOTOGRAPHIC PRODUCTS Revenues (bn) Pre-tax profits (bn)

All these Bonds have been sold. This announcement appears as a matter of record only.



European Atomic Energy Community (Euratom)

ECU 50,000,000

10 per cent. Bonds due 1997

Al-Mal Group

Société Générale de Banque S.A./Generale Bankmaatschappij N.V.

Abu Dhabi Investment Company
Algemene Bank Nederland N.V. Banca Commerciale Italiana Banque Générale du Luxembourg S.A. Crédit Commercial de France Kredietbank International Group

Alahli Bank of Kuwait K.S.C. Al Saudi Banque ASB Bank Brussel Lambert N.V. Commerzbank Aktiengesellschaft Gulf International Bank B.S.C. Capital Markets Group Union de Banques Arabes et Françaises - U.B.A.F.

Amro International Limited Banca Manusardi & C. Bank Ippa Bank Mees & Hope NV Banque du Benelux S.A. Banque Degroof S.C.S. Banque Française du Commerce Extérieur Banque Internationale à Luxembourg S.A. Banque de Luxembourg S.A. de l'Union Européenne Banque Nationale de Paris Inion Européenne Caisse des Dépôts et Consignations Crédit Communal de Belgique S.A./Gemeentekrediet van België N.V. Banque Paribas Capital Markets Compagnie de Banque et d'Investig Crédit Général S.A. de Banque Crédit Industriel d'Alsace et de Lorraine Crédit Lyonnais Dresduer Bank Aktiengesellschaft Enskilda Securities Skandinaviska Faskilda Limited Istituto Bancario San Paolo di Torino ited Mitsubishi Finance International Limited Nederlandsche Middenstandsbank nv Pierson Heldring & Pierson NV. PK Christiania Bank (UK) Ltd. Rabobank Nederland Société Nationale de Crédit à l'Industrie/Nationale Maatschappij voor Krediet aan de Nijverheid Swiss Bank Corporation International Limited Verband Schweizerischer Kantonalbanken G. Warburg & Co. Ltd. Westdeutsche Landesbank Girozentrale Lloyds Bank International Limited Nederlandse Credietbank ny Société Générale Soditic (Jersey) Limited S.G. Warburg & Co. Ltd.

New Issue - March 22, 1985



(Incorporated with limited liability under the New South Wales Companies Act, 1961)

U.S. \$100,000,000

Transferable Revolving Underwriting Facility for the Issuance of Certificates of Deposit

Merrill Lynch Capital Markets

Managing Underwriter

Bank America Capital Markets Group

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Taiyo Kobe Finance Hongkong Limited

Chemical Bank International Group

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May 1985

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May 24 1985

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NESBITT THOMSON, the Canadian (U.S.\$38.5m) and add 560 employees an securities firm, is to acquire to its existing workforce of 1,100.

Aires.

Nesbitt Thomson is presently Canadia's fifth largest investment dealer of Nesbitt Thomson, said the major beneators. stockbroker, in the first takeover of a U.S. brokerage firm by a Canadi-

following are closing prices for May 23.

U.S. DOLLAR STRAIGNTS
Americ Credix 12% 88
Austra Rap 13% 32
Bark of Tokyo 12% 92
Bark of Tokyo 13%, 91
BP Capibal 17% 82
Catege Nat Tokyo 13% 91
Careadian Pact 12% 91
Careadian Pact 12% 95
CSS Inc 11% 82
Chevron U.S.A. 12% 89
COOL Cole 11% 81
Desnark Kingdon 11% 92
Desnark Kingdon 13% 91

Desment Kingston 13th 91
Denmark 13th 83 XW
Denmark 13th 83 XW
Denmark 13th 83 XW
Denmark Kingdom 14 31.
E.E.C. 11th 90.
E.B. 13 89
Export Dav Corp 12 89
Export Dav Corp 13th 87
Indiast Bit Japan 13th 89
Indiast Bit Japan 13th 89
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Swider Kingdom 10% 90 Swiden Kingdom 11% 93 Swiden Kingdom 11% 93 Swiden Kingdom 11% 94 Texaco Capital 13% 98 Toronto Dom Bit 12% 88 Wat Disney Pro 12% 97 Weight Basis 12% 97 Weight Basis 12% 97 Weight Basis 12% 97

Weyerheeuser 12¹⁴ 87 World Back 12¹⁴ 94 World Back 12⁷s 94

Deutsche Mark Straights

measured by capital,
The acquisition will significantly

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The

UTHER STRAIGHTS
Belt Canada, 12¹⁴ 97 CS
British Columbia 12 90 CS
Can Nat Rail 12¹⁷ 95 CS
Canyster Cred 12²9 92 CS
Denmark 11²9 97 CS
Designations 12²9 CCS
ELIB. 12 95 CS
Can late 15 4 40 12 ECC

E.J.B. 12 B5 C5 Gro Und BK 10¹x 89 ECU World BK 10¹x 89 ECU World BK 10¹x 99 ECU Euroffera 7¹x 92 FL Philips Langes 7¹x 90 FL Hank Xerox 8 90 FL Van Lanschot 7¹x 90 FL Van Lanschot 7¹x 90 FL Charbonnane 11²x 85 FE Charbonnane 11²x 85 FE

ECSC 1012 94F

NOTES B.B.L. Int 5 98 America

BLILL INt 5 99
BankAmerica CVS 5'4 96
Bank of Montreal 5 96
Bankers Trust 5' 96
Bankers Trust 5' 96
Bankers Trust 5' 96
Banctaya CVS Inv 5 2004
B.F.C.E. 5' 99
B.N.B. 5' 98

B N P. 5¹⁴ 98 (40)9) C.C.F. 5¹⁴ 97

Captor Des 5¹⁴ 98 Sep Credit Lyonnais 5¹⁴ 98 Dresder Fin 5¹⁴ 89 Ireland 5¹⁴ 99 Trained 5¹⁴ 99

vesand 5.4 sg haly, Republic 5 94 Licyste Euro, 5 2004 Mudland Hr Pin 5 99 Mail West - Perp 5 89 Cusenstand Cost 5.4 905 ft Spot St Scot 5.4 2005 ft Sociale Gen 5.4 sb Sweden Parp 5.4 sb Tokas 5.4 sg Tokas 5.4 sg Tokas 5.4 sg

CONVENTIONE
BOSOS
Agricumoto 3 98
Fanus 3* 98
Fujitas 3 99
Kumagai Gurai 3* 2000
Manuta 3* 99
Murata 3* 99
Murata 3* 2000

Nippon Elec 21 2000 Nippon Cil Co 3 2000 Nippon Cil Co 31 99 Oki Elec Ind 32 99 Overt Lessing 51 98 Selessi House 3 98 Selessi House 3 98 Sony Corp 2 2000

fits of the acquisition include acces to an expanded sales base and U.S. an investment dealer.

Terms were not disclosed, but the transaction will increase Nesbitt has 27 offices in the north-east U.S.

Terms were not disclosed, but the ternational operations. Fahnestock Nesbitt Thomson the largest retail network of any Canadian invest-Thomson's capital to over C\$50m as well as branches in London, Pament dealer operating in the U.S.

d Bid Cler C.de 1803s 1807s 1817s 2816 1807s 1807s 2816 1807s 2816 1807s 1807s

increased

By Robert Gibbens

THE BATTLE for control of Woodment store group, intensified yes-terday when Cambridge Shopping Centres, a major institutionally controlled property developer, in-creased its bid to about C\$300m

(\$220m). Cambridge is now offering C\$19 cash for each Woodward's share, or CS13.50 cash for the Woodward's property assets alone if a shareholder wants to retain his in-

The increase tops a rival bid ear

Bronfman interests of Montreal.

Dutch insurer exchange gains

By Laura Raun in Amsterdam

The Utrecht-based insurer warned that the first three months could not be taken as an indication of the rest of the year, which could be influenced by the volatility of the dollar. But Amey reiterated that it expected a "reasonable" increase in

Total income jumped 33 per cent to Fl 2.09bn in the first quarter from the comparable period of 1984. The increase was attributed to foreign currency fluctuations and consoli dation of companies that were not included in the previous year's resuits. Some 56 per cent of Amev's total income derives from countries outside the Netherlands.

Pickens hopes for profit on bid war

By Our Financial Staff MR T, BOONE PICKENS, the Tex-

#14 - 95 US

1 105 - 874 - 254

8574 - 272 - 3.21

8372 - 972 11.99

8778 - 255 3.94

274 - 175 - 1.67

1 1572 - 156 14.12

94 - 676 14.51

139 8 - 4.58

1 10476 - 876 21.83

222 + 172 - 8.57

Mr Pickens, chairman of Mesa Petroleum, said his prediction was based on the assumption that Un-ocal would take significant steps to

enhance its stock price. He did not elaborate on what actions he expected Unocal to take to increase its stock value. He also conceded that he had made no profit yet on the deal. Analysts expect Mr Pickens may lose close to \$100m

Woodward offer is

terest in the stores business.

Previously Cambridge had of-fered C\$18 and C\$13 on the same

lier this week from Mr Grant Mac-Laren, President of Woodward's, in co-operation with Cadillac Fair-view, the property company con-trolled by the Edgar and Charles

This bid amounted to C\$18.50 per share and also would have separated the property assets from the store business. All bids are subject to the outcome of litigation between members of the Woodward family.

lifted by

AMEV, the third largest Dutch insurance company, achieved a 20 per cent increase in profit to Fl 58.6m (\$16.9m) in the first quarter comnared with the corresponding period last year as foreign exchange

1985 earnings compared with last year's F1 259m.

Circ. All business activities contributed to the higher net income which rose only 14 per cent when discounting currency effects.

an oilman, says he hopes to make a profit of \$100m to \$200m from his three-month takeover fight against Unocal, the Californian oil compa-ny, which he abandoned earlier this

Unocal

 Multimedia, the South Carolina TV broadcasting group, has rejected a sweetened \$1.08bn offer from Mr Jack Kent Cook, owner of the Washington Redskins American football team.

Republic of Portugal

This announcement appears as a matter of record only.

DM 150,000,000

7%% Deutsche Mark Bearer Bonds of 1985/1992

Issue Price: 99 1/1% - Interest: 7 1/1/19 p.a., payable annually in arrears on May 15 - Redemption: on May 15, 1992 at par - Denomination: DM 1,000 and DM 5,000 · Security: Negative Pledge Clause · Listing: Frankfurt Main

COMMERZBANK

BANQUE PARIBAS CAPITAL MARKETS

CREDIT LYONNAIS

DEUTSCHE BANK

DRESDNER BANK

MANUFACTURERS HANOVER

MERRILL LYNCH CAPITAL MARKETS

MORGAN STANLEY INTERNATIONAL UNION BANK OF SWITZERLAND (SECURITIES)

Badische Kommunale Landeshanl

Banco Hispano Americano Limi

Bank für Gemeinwirtschaft Aktiengesellschaft Bank Leu International Ltd.

BankAmerica Capital Markets Group Bank für Gemeinwirtschaft

Bankers Trust International Limited Banque Bruxelles Lambert S.A.

Banque Populaire Suisse S.A. Luxe Barclays Merchant Bank Limited

Bayerische Vereinsbank Aktiengesell Joh. Berenberg, Gossler & Co.

Bergen Bank
Bergen Bank Aktiengesellschaft
Berliner Handels- und Frankfurter Bank
Bankhaus Gebrüder Bethmann

Caissa des Dépôts et Consignations Chase Manhattan Capital Markets Group Chemical Bank International Limited

erzbank International S.A.

Citicorp International Bank Limited

Baring Brothers & Co., Limited

remer Landesbank Kreditanstalt Oldenburg

CIBC Limited

Banque Française du Commerce Extérieur Banque Générale du Lusembourg S.A. Banque Indosuez Banque Internationale à Luxembourg S.A. Banque Nationale de Paris

Bayerische Hypotheken- und Wechsel-Bank Aktiengesellschaft Bayerische Landesbank Girozentrale

Bankhaus H. Aufhäusei

Banca del Gottardo

Banco di Roma

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Kuwait International Investment Co. s.a.k.

Kuwait Investment Company (S.A.K.) Landesbank Rheinland-Plalz

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Morgan Grenfell & Co. Limited
Morgan Guaranty Ltd
The Nikko Securities Co., (Europe) Ltd.
Nomura International Limited

Nomura International Limited
Norddeutsche Landesbank
Girozentrale
Österreichische Länderbank
Aktiengesellschaft
Sal. Oppenheim jr. & Cie.
Orion Royal Bank Limited
PaineWebber International
PK Christiania Bank (UK) Limited

Privatbanken A/S Rabobank Nederland N. M. Rothschikl & Sons Limited

Salomon Brothers International Limited Sanwa International Limited

- Girozentrale -Lazard Frères et Cie

Lloyds Bank International Li LTCB International Limited

B. Metzler seel, Sohn & Co.

WESTDEUTSCHE LANDESBANK

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Al-Mai Group
International Limited Crédit Commercial de France Crédit Industriel et Commercial de Paris Arab Banking Corporation – Daus & Co., GmbH Baden-Württembergische Bank Aktiengesellschaft

Credit Suisse First Boston Limited Dai-Ichi Kangyo International Limited Daiwa Europe Limited Delbrück & Co. Deutsche Girozestrale

DG Bank Deutsche Genos Dominion Securities Pitfield Limited DSI, Bank Deutsche Siedlungs- und

Effectenbank-Warburg Aktiengesellschaft Enskilda Securities Skandinaviska Enskilda Limited EuroPartners Securities Corporation First Chicago Limited First Interstate Limited

Fuil International Figance Limited nschaftliche Zentralbank AG Girozentrale und Bank der österreichischen Sparkas Aktiengesellschaft

Hambros Bank Limited Georg Hauck & Sohn Bankiers

Kommanditgesellschaft auf Aktien Hessische Landesbank – Girozentrale Hill Samuel & Co. Limited

Industriebank von Japan (Deutschland) Aktiengesellschaft Istituto Bancario San Paolo di Torino Kansalis-Osake-Pankki Kidder, Peabody International Limited Kleinwort, Benson Limited Krediethank N.V. Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.)

J. Henry Schroder Wagg & Co. Limited Shearson Lehman Brothers International Smith Barney, Harris Upham & Co. Straces Tumbuli Limited Strates turnium common Sumitomo Finance International Svenska Handelsbanken Group Swiss Bank Corporation Inte

Trinkaus & Burkhardt Vereins- und Westbank Aldiengesellschaft M.M. Warburg-Brinckma S.G. Warburg & Co. Ltd. Westdeutsche Genossens

Wood Gundy Inc. Yamaichi International (Europe) Limited

Color Server Server Color Color

Japanese Yen 10,000,000,000



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(Kongeriget Danmarks Hypotekbank og Finansforvaltning) 7% Guaranteed Notes Due 1992, Series 105 unconditionally guaranteed by

The Kingdom of Denmark

Issue Price 993/4 per cent.

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Dai-Ichi Kangyo International Limited

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Reuters takes on the Stock Exchange

-By Charles Batchelor

PLANS BY the London Stock Exchange to modernise and automate the buying and selling of shares have collided with the ambitions of Reuters, the world-wide business information group, to create its own international electronic stock mar-

It emerged this week that Reuters has set July as the date for launching in the UK an international share dealing net-work which will rival the system planned by the Stock Exchange. Reuters reached agreement two months ago with Instinct, a U.S. share dealing system, to market this service

outside North America. Reuters, the once loss-making news agency which turned it-self into a highly profitable provider of financial informa-tion before going public last June, is keen to repeat in stock market terms its earlier success in foreign exchange markets. Reuters Monitor, an inter-

Reuters Monitor, an inter-national network now number-ing 53,000 terminals into which banks and brokers feed their foreign exchange rates, effectively created the inter-national foreign exchange market during the 1970s. In 1981 it expanded the system to allow users to complete deals through their terminals.

The London Stock Exchange, for its part, has a greater commitment to developing the new technology for share trading than most exchanges in running its own in-house informa-tion network, known as Topic. Three thousand Topic termi-nals are now installed, most of

them in the City. Recently the Stock Exchange has place terminals with clients in New York and the Continent. They provide the exchange with an invalu-able means of delivering com-pany and share price informa-tion to brokers, jobbers and fund managers and merchant

Topic also represents a useful base for the more sophisti-cated information network, the Stock Exchange Automated Quotation System (SEAQ), which the exchange plans to install by Autumn 1986.

SEAQ is an essential element in the "big bang" which will sweep away the traditional dis-tinction between brokers and jobbers and create a new class of market makers, combining both functions. SEAQ will carry far more information than is currently available on Topic. It will display competing bid and offer prices being quoted by the different market makers and



Mr William Lupien, chairman and chief executive of Instinct of New York.

the size of deals done. An important aim of this vast in-crease in information is to

mation services division is already looking a stage ahead to when share dealings will be carried out over the SEAQ network—thus the electronic net-works may ultimately become the trading floor, possibly lead-ing to the demise of the conventional trading floor in the Stock Exchange building in Throgmorton Street.

But with still more than a year to go until the launch of the new-style London stock market, the Stock Exchange faces a threat from Instinct. This is in addition to challenges to the Stock Exchange being posed by Robert Fleming, the fund management group, the European Banking Company, which have been unofficially making markets in a number of leading UK stocks.

Reuters first announced plans to link with Instinct in March, with the specific aim of market-ing in Europe the U.S. company's share dealing system covering U.S. stocks, foreign stocks traded in the U.S. in

in 1969 and reported revenues of the scores of licensed dealers \$7.6m in 1984.

make dealings more "visible" can automatically complete uses and provide a safeguard for involving up to 1,000 shares through Instinct's terminals. They can also negotiate larger transactions and deals of up to 20m shares worth up to \$50m have been carried out.

Ultimately Reuters Instinct want to add shares from other stock markets around the world and talks have been started with the London Stock Exchange with the aim of bringing in UK stocks first.

But while the Stock Exchange goes ahead with its careful pro-gramme of preparing for the "big bang," some of its members (jobbers and brokers) have become increasingly restive at the prospect of business slipping away from them. For Stock Exchange members

are not only barred from providing UK share prices to Reuters and to Instinct; they are unable to join in the growing dealings in leading UK stocks which are quoted in ADR form in the U.S. No fewer than 33 U.S. market makers were quoting a price for ADRs of Glaxo, the UK pharmaceutical concern, on the Instinct

who are not members of the Exchange or among foreign banks with operations in the UK.

Opinion among Stock change members are inevitably divided. "Everything is in the melting pot," said one. "Our interest is in getting the best "Our system. One hopes it would be a Stock Exchange system since it is the Exchange which regulates the market place in London."
Comments another: "We must

look at any new system that comes along, but we are not certain that a U.S. system can be adapted effectively to handle the overseas securities we deal in. In the U.S. stocks are dealt in in dollars. Take Vaal Reefs, the South African mining stock. We deal in Cape delivery in rand or sterling, London delivery in sterling or dollars, and in ADR and Swiss certificate

"We would not be happy to go to a machine dealing system in the early stages of the 'big bang." We have enormous We have enormous changes coming anyway."

"We are anxious to come to pany's snare dealing system covering U.S. stocks, foreign stocks traded in the U.S. in American Depositary Receipt form, and U.S. options. Instinet —full name International Networks Corporation—was founded on the U.S. in the Reuter's decided to start listing UK stocks on the Instinet screens without Stock Exchange want to draw the line of the problem is in line," asks Mr Lupien. "How deciding which part of the much money do they want to carving out belongs to come to As the systems become more some kind of agreement with the Stock Exchange." said Mr risks go up. "Where does the Bill Lupien, chairman of stock exchange want to draw the instinct. "The problem is in line," asks Mr Lupien. "How deciding which part of the much money do they want to carving out belongs to whom." spend?"

Reuters, which would like to reach an accommodation with the Stock Exchange, is keen to play down the risk of confron-tation. "Our discussions are continuing with the Stock Exchange over ways of trans-acting business in international securities," it said this week.

On the other hand, given its tough battles with other major information vendors, Reuters is in no mood to see its inter-national ambitions thwarted by the London Stock Exchange The company faces cut-throat competition from Quotron, a U.S. company in the field of share prices, and from Telerate, in international money markets. Telerate is 52 per cent owned by Exco International, the British money broker.

Says Mr Lupien: "The Stock Exchange has to decide what Exchange has to decide what business it wants to be in. I question whether going it alone in trying to provide an international equities service would be smart for its members. When people started trading stocks over the telephone the Stock Exchange did not go into telephones."

Reuters and Instinct say they are only interested in quoting the most actively traded international stocks on their network. But it would be unthinkable for the Stock Exchange to take a back seat while the core of its market moved elsewhere.

The exchange spent £500.000 developing Topic in the late-1970s but several times that figure has since been spent up-grading the network. SEAQ is expected to cost about £5m, though extra sums would be needed to upgrade it to become a dealing system.

With the Exchange's annual report due to be published to-day. Stock Exchange members will receive a timely reminder of the cost of investing heavily in new technology. It has been forced to write off large sums on proposed improvements to its settlements systems which became obsolete when the decision was taken to abolish the distinction between jobbers and brokers. This was the main reason for a drop in the exchange's surplus from £5.2m to £400,000 in 1984-85.

As the systems become more

Putting German tractors to work in the U.S.

SOMETIME in the next three weeks, Herr Bodo Liebe, chairman Klöckner-Humboldt-Deutz (KHD), the Cologne-based diesel engine and farm equipment produc-er, expects to become the proud new owner of \$250m worth of assets in the U.S.

KHD is buying the agricultural businesses of the Milwaukee based Allis Chalmers, including its credit corporation and 1,100 dealers, for \$85m and is going to pay a further \$22m for the manufacturing rights to Allis Chalmer's range of equip-

Allis Chalmers has not been able to include its tractor and engine production plants in the deal and will have to close them.

KHD is likely to do little more with the production rights than lock them away in a safe place.

The dealers are the real prize. Despite making stremuous efforts to break into the U.S. in the 1970s, KHD has only 350 dealerships in the country, almost all of them in the east, and the West Germans have found it extremely difficult to "turn" established dealers away from their suppliers.

Under present management, which Herr Liebe says he will keep, Allis Chalmers has been losing money in agriculture, some \$103m last year and \$51.5m in the first quarter of this year, but KHD is convinced this can be reversed, especially with the manufacturing of tractors and engines hived off.

It expects the new U.S. operation, Deutz-Allis Corp., to be doing \$500m worth of business by 1988. "It will be a profitable acquisition," says Herr Liebe. Whether the U.S. dealers will profit from it remains to be seen. The immediate benefits are

going to be felt in Germany.

Quite simply, KHD is buying market share in for its weak tractor and engine business and, in the International Harvester production facilities it is also buying from Allis, another engine customer. "We are only interested in acquisitions that help us increase capacity utilisation in Germany," says the chairman.

The company expects direct sales from Germany to increase rapidly by up to DM L36hn (\$443m) a year because of the Allis purchase, three times total sales in the whole of North America in 1984, as Deutz tractors and engines begin to be shipped out to the U.S. when Allis finally halts production and when its current dealers begin to make a reasonable dent in the \$500m stock they are now carrying.

News that KHD was buying parts

of Allis generated a few sneers when it was announced more than a month ago. Many competitors tried to dismiss the move as an act of desperation. KHD has not exactly covered itself with glory in previous forays into the U.S. market, int in Virginia in 1979 and then having to run it down a few years later.

Klöckner - Humboldt-Deutz has penetrated purchase of the agripurchase of the agriThe other main risk is one they
cultural businesses probably feel more comfortable and dealer network of Allis Chalmers

The U.S. is the biggest agricultural equipment market in the West and KHD's tractor and engine sales at home are stagnating. Its engines business, which only three years ago accounted for 56 per cent of sales, is being hit badly abroad as

Releasing full-year figures for 1984 yesterday, Herr Liebe noted that, while the group had improved net profits 12.1 per cent to DM 50.1m, with total turnover rising 22 per cent to DM 4.6bn, domestic turnover fell 13 per cent to DM 1.2bn. Sales outside Germany increased 43 per cent to DM 3.3bn, but most of that increase was due to one major contract to build a cement plant in South Korea.

Leaving out KHD's third major division, its industrial plant business, total turnover in agricultural equipment, mainly tractors, and engines fell 5 per cent to DM 23bn and the modest 1 per cent increase in sales outside Germany came nowhere near covering a disastrous 12 per cent slide at home.

Engine sales in Germany have been hit by a slump in the construction industry and consequently, in construction equipment, and a 24 per cent drop – blamed on uncer-tainty over EEC farm policies – in the total domestic tractor market. Hopes that exports, boosted by the strength of the dollar, would neutralise the domestic problems have been dashed by falling orders from developing countries, particularly Opec members.

Tractor sales abroad did a little better, improving 11 per cent but once again failed to halt the damage being done at home, where sales fell 30 per cent, leaving overall tractor turnover down 6 per cent of which must agree to the KHD and total farm equipment sales purchase, has clearly taken longer down 3 per cent at DM 1.22bn. than Herr Liebe had hoped.

down 3 per cent at DM 1.22bn.

Figures for the first four months of 1985 seem to confirm the predica have added some DM 2bn to its

most as high as the potential re-Peter Bruce in Bonn wards. Buying the U.S. dealer network from Allis Chalmers, for inlooks at the market stance, will also oblige KHD to finance 1,100 individual businesses, Klöckner - Humboldt- as is U.S. practice, through the Allis Chalmers credit corporation and officials in Cologne show very little in the U.S. With its enthusiasm taking over what is basically a bank.

with - can they sell Dentz's air-cooled diesels, the mainstay of the group, to U.S. farmers? Often heated arguments about the merits and demerits of air-cooled diesels over their more conventional water-cooled rivals are hoary with age, but KHD can certainly expect its competitors in the U.S. to revive them now that it looks like becoming a serious player there.

The campaign against Deuts's air-cooled engines has always held that they are not reliable in the heat. The accusation is becoming harder to prove as the technology becomes more sophisticated. There seems little doubt that KHD has a major selling job on its bands Maybe, says one Cologne official, "but American farmers are not interested in how the thing works, but whether it works; and ours

KHD is about to cover itself by making another major purchase – Motoren Werke Mannheim (MWM), West Germany's oldest diesel en-gine producer and an important domestic supplier of medium to largesized water-cooled engines.

Herr Liebe would not say how much KHD is paying MWM's strug-gling parent, Knorr-Bremse, for the Mannheim plant, which will take over production of KHD's remaining water-cooled engines.

MWH will in all likelihood be left. to operate on its own, with KHD executives happy to keep the watercooled engines at an arms length, It cannot be ruled out, however, that should the Deutz air-cooled engines not take off in the U.S., then MWM might begin to play a somewhat

more central role.

Neither the Allis Chalmers nor the MWM deals have been concluded. KHD needs German Cartel office approval to buy MWM, although this seems unlikely to prove difficult, and dealing with Allis Chalmers' 80 creditor banks, each

p 1-.

뜻별

STE

ment, at least for the short to media sales power, which is bound to un-um term, that KHD finds itself settle the many cynics who like to trapped in Compared with the label the group as unadventurous. same period last year, parent company turnover is 6 per cent up at will be no more major acquisitions DM 1.07hn, but tractor and engine for at least two years, he clearly has sales at home are down and are be-ing carried by exports. no intention of stopping now. "We certainly want to acquire more," he says, but only where there is a syn to try and make real headway in ergy and only into things we under the U.S. market, the risks are al- stand. We are not a conglomerate.

DKB ECONOMIC REPORT

Japan's economy is likely to expand after temporary lull in January-March quarter

Japan's exports to the U.S. reached \$60.8 billion in fiscal 1984 on a customs clearance basis, up 30.1 per cent from the preceding year, according to the Finance Ministry, Imports from the U.S. gained only 4.9 per cent to \$26.9 billion, resulting in Japan's huge trade surplus of \$33.8 billion. The trade surplus in fiscal 1984 represented a 60 per cent increase over fiscal 1983's \$21 billion and a 2.8-fold jump from fiscal 1982's \$12.2 billion.

The huge trade imbalance in favor of Japan rekindled the trade friction with the U.S. In an attempt to redress the massive trade gap, the Japa-nese Government announced overall market-opening package on April 9, which features, among others, 1) tariff cuts, 2) simplification of import procedures and 3) implementation of campaigns encourage imports. In particular, Japan worked out mport expansion programs for the four areas about which the U.S. is strongly concerned ticals-medical equipment, telecommunications and elec-

The package itself should be evaluated by the "action program" to be worked out by the Japanese Government by July. Import expansion is not the cure-all. The fact that the Japanese market is not necessarily open completely to foreign products is thought to be but one of the factors accounting for the expanded trade gap.
The huge trade imbalance,

however, can be ascribable more directly to the following two factors - 1) the difference in the business, expansion tempo between Japan and the U.S. and 2) high interest rates in the U.S. and the resultant appreciation of the U.S. dollar against the Japanese yen.

Slowing production

William baller or a company

Japan's production activity, which had been on a steady upward trend since 1983, recently began slowing down (please refer to the chart). Mining-manufacturing production in February managed to exceed the preceding month's level by a seasonally adjusted 0.8 per cent for the first time in three months, but the level is still lower than that of last November.

tion goods continued to be strong, capital goods slipped and construction goods recently leveled off. Noteworthy is that capital goods in the January-February period dropped a seasonally adjusted 2.7 per cent from the last quarter of 1984. The fall is ascribable mainly to 1) a 5.7 per cent drop in exports of capital goods (seasonally adjusted, customs-cleared dollar basis) in the January-February period, and 21 business enterprises' gloomy outlook for

In March, the manufacturing industry's production index dropped 2.0 per cent from the preceding month. The index in the first quarter of 1985 registered the first quarter-to-quarter decline in two years since the fourth quarter of 1982.

Production activity in the second quarter of 1985 holds the key to predicting the future course of the Japanese economy. The following analysis of the demand trends offers an

Exports declined in January-March quarter

Customs-cleared exports decreased a seasonally adjusted 6.5 per cent in the first quarter of 1985 from the preceding quarter on a dollar basis, regis tering the first quarter-to-quarter drop in nine quarters. Likewise, unit exports fell 2.5 per cent in the first quarter of 1985. or the first quarter-to-quarter

decline in 11 quarters. The export decrease was attributed mainly to a marked decline in shipments to the U.S., which had been stepping

up purchases from Japan. It is unlikely that Japan's exports will continue to slow down. There are many favorable factors for Japanese exports. Among them are 1) continued steady demand in the U.S., 2) surging exports to

Japan's passenger car exports to the U.S. to 2.3 million vehicles in fiscal 1985 from 1.85 million in the preceding year. Export letters of credit received in March exceeded the preceding month's level for the dicating a recovery in exports. Under the circumstances, exports look likely to recover their momentum, although

Strong private capital investment and private consumption leading to gradual recovery

moderately.

Private capital spending. which has been supporting the business expansion along with exports, will continue to be strong in fiscal 1985. Big business is expected to spend 5 to 6 per cent more in plant and 1985, according to surveys conducted by several research institutions. Private orders for machinery, excluding those for ships and those from power utilities, marked a sharp 10.9 per cent gain in February on a seasonal adjustment basis from the preceding month, after declines for two straight months in December and Janu-

What about consumption? According to the "household survey" of the Management and Coordination Agency, real consumption expenditures of all households gained only 0.4. per cent in 1984. Those of workers' households rose 1.7 per cent, while those of selfemployed persons' households and other general households dropped 1.8 per cent. This was one of the major factors contributing to the slowdown in consumption growth last year. In January 1985, real consumption expenditures of workers' households rose 4.5 per cent from a year before. The rate of increase contrasts to the minuscule 0.3 per cent gain for general households The same pattern is still maintained. About half of all general households are supported by self-employed persons, and

they are most strongly affected China, and 3) the expansion of by the slowdown in consump-London Branch: 4th & 5th Floors, P&O Bidg., Leadenhall Street, London EC3V 4PA, England Tel. 01-283-0929 Subsidiery in London: Dai-Ichi Kangyo International Ltd., Garden House, 18 Finsbury Circus, London EC2M 7BP, England Tel. (01) 920-0181 Associated Companies in London: Associated

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Lumpur, Bangkok, Beling, Shanghai, Sydney, Melbourne Sabeldiarine in: Los Angeles, Toronto, Amsterdam, Zunch, Hong Kong,
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Japanese Bank (International) Ltd., European Brazilian Bank Ltd., International Mexican Bank Ltd.

Trends in Production and Exports (January-March 1983=100; Seasonally-adjusted) (1) Production (2) Exports (Costons cleared; dollar base) 130 120

111 -1983-Notes: (1) A-January-February

(2) Average in January-March only for export total. Sources: Ministry of International Trade and Industry and Finance Ministry tion. Their income naturally reflects such slowdown, a conthe long-term capital balance

tributing factor to poor constraption expenditures. The bright spot is that income of employed households is likely to increase this year. According to the Labor Ministry, the winter bonuses last year increased 4.4 per cent,

compared to a 1.8 per cent gain The slowdown in production activity in the first quarter of this year could be only a temporary full in the business expansion process. Production should turn upward in and after

Narrowing trade gap

the second quarter.

The surplus in Japan's trade balance narrowed to the seasonally adjusted \$3 billion level in February, mirroring slowing exports. The deficit in

narrowed to \$2.2 billion in February, or one-quarter of the \$8.4 billion registered in December 1984. The outflow of Japanese capital, however, still remains at a high level, totaling \$4.7 billion in February. This is mainly because of heavy Japanese investments in securities overseas arising from the interest rate differentials between Japan and the

It remains to be seen whether the narrowing trend of surplus in the trade and current account balances and deficit in the long-term capital account balance will take hold. The first quarter of 1985 exposed trends somewhat different from those in the past. These economic indicators are hoped to be signs of easing trade friction with the

Talk it over with DKB. The international bank that listens.



The next DKB monthly report will appear June 24.

Joint company announcement...

VAAL REEFS EXPLORATION AND MINING COMPANY LIMITED

("Vaal Reefs")

SOUTHVAAL HOLDINGS LIMITED

Both incorporated in the Republic of South Africa

MINE LABOUR SITUATION

Shareholders were advised on 3 May 1985 that production at the South Division of Vaal Reefs had been disrupted by labour unrest. Since then an active recruitment programme was implemented and it is expected that the full manpower complement will be filled by the end of May 1985. Full production at the South Division should be attained shortly thereafter.

Throughout this period the plants have been treating stockpiled one and material from other sources to maintain production at as high a level as possible. It is presently estimated that production at the South Division during the quarter ending 30 June 1985, including the losses previously reported, will reach about 70% of normal output. However, it will only be possible to assess accurately the effect on the profits of Vaal Reefs and Southvaal Holdings by the end of the June quarter.

in employing workers to fill the vacancies Vaal Reefs has given preference to former employees wishing to return to the mine. However, former employees have not been applying. in sufficient numbers to enable an early return to full production at the South Division. This has necessitated the opening of recruitment to other workers but former employees will continue to be given preference.

Johannesburg 24 May 1985

Copies of this announcement will be posted to members of Vaal-Reefs and Southvaal Holdings Limited.



Bouygues crowns its success with a little corporate Versailles

iay May 24 1965

Work on the new building is due to begin next month. It will be a little corporate Versailles palace surrounded by parks and fountains. M Bouygues looked pleased with the project as he showed the large model to the past large model to the beautiful large model to the large model

Even in a poor domestic and international building environment, Bourgues saw sales rise to FFr 24.6on last year, from FFr 18.1bn in 1983, and forecasts sales to reach FFr 25.7bn in 1985. Profits rose to FFr 452m for 1984, compared with FFr 338m and M Bouygues expects earnings to be higher

again this year. "We are the only construction group in France which has
continued to grow strongly in
1984," says M Bouygues. "The
other two big groups (Dumez
and SAE) are out of breath,
their profits and sales are falllast year. This sector
in 1984 of FFr 2.5

MAJOR CONSTRUCTION GROUPS IN FRANCE

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	Sales (FFr bn) 1984	earnir (FFr i 198
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Fougerolle	47	
Selection of the second		

M FRANCIS Bouygues, the self-assurred entrepreneur who since the war, has expanded the company which bears his name, into France's largest construction successfully bucked the trend. FFr 500m (£53.5m) headquarters near Versailles.

Work on the new building is

as he showed the large model to journalists, and later to financial analysts, during his annual meeting with the French Press and financial community.

At a time of continuing gloom in the construction business, Bouygues' new headquarters is a clear expression of the group's and M Bouygues, confidence in the company which has consistently managed to chalk up higher earnings and sales year after year.

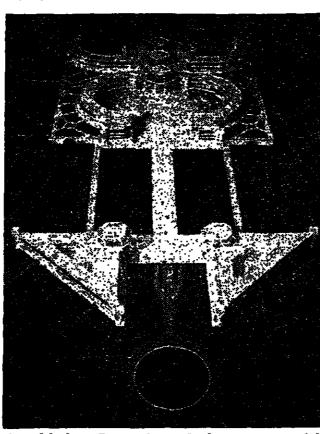
Even in a poor domestic and profits of FFr 23m in 1983 to FFr 23m. The division had year from FFr 867m in 1983 to FFr 2.3bn. The division had profits of FFr 23m in 1983 and FFr 25m last year.

In the U.S., Bouygues has invested in the hospital equipment and construction business, among other sectors, and has seen its sales there grow from FFr 717m in 1983 to FFr 885m last year. Bouygues expects its U.S. operations to show turn-over of about \$950m this year. Profits in the U.S. totalled

Another major diversification Another major diversincation has been in water distribution following Bourgues' acquisition of the French SAUR company of the French SAUR company for 12.8bn in 1983, or 68 per cent an attribute for the group total. In 1984, group, in 1984 of FFr 2.5bn, already revenues from these activities. Another than the same to FFr 13.8bn but already Bourge accounts for about 10 per cent of the group's total annual turnover, and profits last year amounted to FFr 52m or 11 per

Bouygues has also entered the electrical systems business, has developed large-scale real estate operations, and started selling residential property by catalogue. This last sector is suffering from a slump in home buying in France and is expected to show another decline in earnings this year, after profits of FFr 56m in 1983 and FFr 45m last year. As the group has expanded activities, its traditional con-struction business has seen a

fall in share of total sales and



A model shows Bouygues' new headquarters surrounded by parks and fountains

rose to FFr 13.8bn, but already represented only 56 per cent of group turnover. M. Bouygues says that sales this year from this sector are expected to drop to FFr 12.6bn and will account sector will accoun for less than
half group sales. It could be
even less if we undertake new
diversifications," he remarked.
Among possible areas of
activity is the ambition of

भी बारहर विशेषक करा रहता है। से पर भीतकार के स्वरंग करा रहता है। से पर

Another Bouygues is the project for a fixed link across the Channel. After proposing the construc-tion of a bridge across the Chan-nel, Bouygues has now joined for 49 per cent of the group bullding companies and nationalised banks, in the that the traditional construction sector will accoun for less than The Channel Tunnel Group is

proposing the construction of a twin-bore tunnel under the Channel. It is the main rival to the Euroroute consortium which is proposing a bridge and tunnel project. The British and Bouygues to acquire a stake in framatome, the French nuclear power station group. Following the collapse of Creusot-Loire, of this year or at the beginning which owned a major stake in Framatome, the latter has been bidding for what could, after all, acceptance and tunnel project. The British are tunnel project. The British are tunnel project. The British and tunnel project. The the heavy engineering company of next year. And in Bourgetees which owned a major stake in clearly wants to be in the bill sales and Framatome, the latter has been bidding for what could, after all, seeking new shareholders. M. be one of the largest civil engineering contracts in the engineering company of next year. And in Bourgetees in the bidding for what could, after all, be one of the largest civil engineering company of next year. And in Bourgetees in the bidding for what could, after all, be one of the largest civil engineering company.

These securities have been sold outside the United States of America and Japan. This am

All these Bonds have been sold. This announcement appears as a matter of record only,

Inter-American Development Bank

ECU 100,000,000

10 per cent. Bonds due 1993

Société Générale de Banque S.A./Generale Bankmaatschappij N.V.

Banque Nationale de Paris

Lazard Frères et Cie Morgan Guaranty Ltd
Nomura International Limited Orion Royal Bank Limited
Swiss Bank Corporation International Limited S.G. Warburg & Co. Ltd.

Ranque Arabe et internationale d'investissement (B.A.I.I.) Banque Beign Limited Ranque du Benehm S.A. Banque Continentale du Lumembourg S.A. Banque Crédit Commercial Bauque Degroof S.C.S. Banque Perlusa Belgique S.A. Parlbas Bank Belgig NY. Banque Fruccise du Commercia Banque Kagelmackers Bengue Perlusa Belgique S.A. Parlbas Bank Belgig NY. Banque Fruccise de Gestion Financière 'B.P.G.F.' Banque de Luxembourg S.A. Banque Vorma Barque Kagelmackers Bengue Fruccise Belgique S.A. Parlbas Bank Belgig NY. Banque de Financière 'B.P.G.F.' Banque de Financière Bançue Barque Kagelmackers Banque Kurma Barque Kurma Barqu

Algemene Bank Nederland NV. Amro International Limited Banca Commerciale Italiana Banque Générale du Luxembourg

Crédit Commercial de France

Banque Paribas Capital Markets Creditanstalt-Bankverein Kredietbank International Group

Bank Brussel Lambert N.V.

Banque Internationale à Luxembourg S.A.

Commerzbank Aktiengesellschaft

Deutsche Bank Aktiengesellschaft

Lazard Frères et Cie

Mor

Abu Dhabi Investment Company Al Sandi Banque ASB Banca del Gottardo Banca Manusardi & C.
Banco di Roma BankAmerica International Group Bank Gutzwiller, Kurz, Bungener (Overses) Limited Bank IJ
Bank Mees & Hope NV Bank of Tokyo International Limited Bank of Yokohama (Europe) S.A.
Banque Arabe et internationale d'Investissement (B.A.I.1) Banque Beige Limited Banque du Beneluz S.A. Ba
Banque Crédit Commercial Banque Degroof S.C.S. Banque Prançaise du Commerce Extérieur Banque Sanque Guter Banque Paribas Beigique S.A./Paribas Bank Beigiè NV.
Banque Worms Banque Paribas Beigique S.A./Paribas Bank Beigiè NV.
Banque Worms Baring Brothers & Co., Limited Bayerische Landesbank Giruzentrale Baye
Berliner Bank Aktiengesellschaft Berliner Handels- und Frankfurte Bank Caisse Centrale des Banques Populaires
Caisse Affanceure de Parte du Grand-Duché de Lauembourz (Banque de l'Etat) Caisse Générale d'Eparque et de Ret



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Associates Cap. Corp 18 %
Banco de Bilbao 124%
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BCCI 121%
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Bank of Cyprus
Bank of Scotland 121%
Persona Polar Test
Banque Belge Ltd 121%
Barclays Bank 121%
Beneficial Trust Ltd 131%
Brit. Bank of Mid. East 121%
■ Brown Shipley 121%
CL Rank Nederland 1940
Causda Permanent 12.% Cayser Ltd 12.% Cedar Holdings 13.%
Caves T.td 1210
Codes Woldings 19 6
Charterhouse Japhet 121%
Citibank NA
Citibank NA 123 %
Citioank Savings124%
Liydesdale Bank 121%
L. E. CORTES & CO. LEG. 1321
Heritable & Gen. Trust 121%
Comm. Bk. N. East 13 %
Consolidated Credits 121%
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Dunbar & Co. Ltd 121% Duncan Lawrie 121%
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Exercise Trust Ltd 131%
E. T. Trust
First Nat. Secs. Ltd 13175
Robert Fleming & Co. 12:1%
Robert Fraser & Ptns. 131% Grindlays Bank
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C. Hosre & Co. 121% Hongkong & Shanghai 121% Johnson Matthey Bkrs. 13 % Knowsley & Co. Ltd.... 131% Lloyds Bank 121% Edward Manson & Co. 133% Meghrai & Sons Ltd... 124% Midland Bank 124% Morgan Grenfell 123%
Mount-Credit Corp. Ltd. 123%
National Bk. of Kuwait 123%
National Girobank ... 124%
National Westminster 124% I. Henry Schroder Wagg 121% Standard Chartered 121%

Standard Chartered ... 123%
TCB ... 123%
Trustee Savings Rank 124%
United Bank of Knwait 124%
United Mizzahi Bank... 124%
Westpac Banking Corp. 13 %
Whiteaway Laidiaw ... 124%
Willams & Glyn's ... 124%
Yorkshire Bank ... 124%

Mambers of the Accepting Houses 7 day deposits \$7%, 1 month 10%. Top Tier—12,500+ at 3 months notice 12%. At call when £10,000+ remains deposited.

‡ Call deposits £1,000 and over 92% gross. 21-day deposits over £1,000 10%.

¶ Mortgage bese rate. ** See Provincial Trust Ltd.

BPGF

NO RELATION WHATSOEVER!

The new BPGF, which was set up in December, 1983 hereby states that it is neither legally nor financially connected with the institution which

formerly bore the same name and which has been subsequently operated under the names HPGF

Chairman of the Board of the new BPGF is Gilles BRAC de LA PERRIERE. Capital amounts to

190.000.000 Francs, held by Paribas (20%), the Amsterdam-Rotterdam Bank n.v. (18%) as well as other French and foreign shareholders. The new BPGF has no relation whatsoever with the

1984 operation resulted in profits amounting to 25,7 million Francs, owing to the quality of the business, the expertise of the bank's staff and the outstanding relationship it enjoys with its prestigious clients, both institutional and private.

events and operations released in the press.

and FIMES

Shareholders may request payment of the dividend in a different currency, information in this respect will be supplied by the paying agent upon request. deducted from the gross dividend where:

Netherlands dividend tax at the reduced rate of 15 per cent will be

Coupons must be left for an appropriate period for examination.

ROYAL DUTCH

PETROLEUM COMPANY

Established at The Hague, The Netherlands

FINAL DIVIDEND 1984

The General Meeting of Shareholders of Royal Dutch Petroleum Company held on 22nd May, 1985, has decided to declare the final dividend for 1984 at N.fl. 6.75 on each of the 268,037,044 ordinary shares with a par value of N.fl. 10 outstanding at December 31, 1984,

so that the total dividend for 1984, including the interim dividend of N.fl. 3.85 already made payable in September 1984, will amount to N.fl. 10.60 on each of the said shares. in the case of holders of hearer certificates with councils this final

dividend will be payable against surrender of coupon No. 177 on or after 3rd June 1985, at the offices of N. M. Rothschild & Sons Limited, New Court, St. Swithin's Lane, London EC4P 4DU on business days between the hours of 9.30 a.m. and 2 p.m.

Payment will be made in sterling at the buying rate of exchange current in Amsterdam at 2 p.m. on 28th May 1985 in the case of coupons

presented on or before that date, or on the day of presentation in the

case of coupons presented subsequently. Coupons must be accompanied by a presentation form, copies of which can be obtained from N. M. Rothschild & Sons Limited, and the face of each coupon must bear the stamp or other indication showing the name of the

(N. V. Koninklijke Nederla

(a) United Kingdom income tax has also been deducted; (b) Coupons are presented on behalf of residents of the United States of America, Australia, Austra, Belgium, Canada, Denmark, Finland, France, Ireland, Japan, Luxembourg, Netherlands Antiles, New Zealand, Norway, South Africa, Spain, Sweden or West Germany, provided they lodge the appropriate declaration form. Netherlands dividend tax at the reduced rate of 20 per cent will be deducted from the gross dividend where coupons are presented on behalf of residents of Indonesia or Surinam, provided they lodge the appropriate declaration form.

In all other cases Netherlands dividend tax of 25 per cent is to be

In the case of shares whose dividend sheets were, at the close of business on 22nd May, 1985, in custody of a Depositary admitted by Centrum voor Fondsenadministratie B.V., Amsterdam, this final dividend will be paid to such Depositary on 3rd June 1985. Such payment will be made through the medium of N. M. Rothschild & Sons Limited, after receipt by them of a duly completed CF Dividend

Where appropriate, the usual affidavit certifying non-residence in the United Kingdom will also be required if payment is to be made without deduction of United Kingdom income tax.

Where under the double tax agreement between the United Kingdom and the Netherlands, 15 per cent Netherlands dividend tax has been withheld, the 15 per cent Netherlands tax is allowable for a resident of the United Kingdom as a credit against the United Kingdom income tax payable in respect of the dividend. The deduction of United Kingdom income tax at the reduced rate of 15 per cent instead of at the Basic Rate of 30 per cent represents a provisional allowance of credit at the rate of 15 per cent.

ROYAL DUTCH PETROLEUM COMPANY 24th May, 1985

KOREA FIRST BANK

(Incorporated with limited liability in the Republic of Korea)

U.S. \$50,000,000

Floating Rate Notes Due 1995

Issue price 100 per cent.

Nomura International Limited

Chase Manhattan Capital Markets Group

Korea First Finance Ltd.

Mitsubishi Trust & Banking Corp.

Standard Chartered Asia Limited **Westpac Banking Corporation**

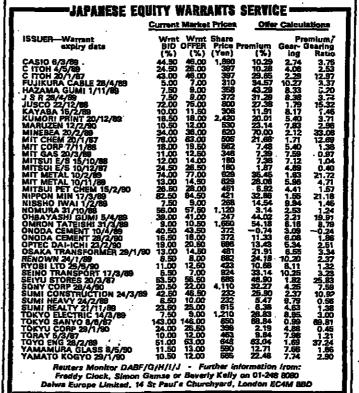
Crédit Lyonnais

Kuwait Investment Company (S.A.K.)

J. Henry Schroder Wagg & Co. Limited Taiyo Kobe Finance Hongkong Limited

Yasuda Trust & Finance (HK) Ltd.

DAIWA EUROPE LIMITED



U.S. \$20,000,000

Floating Rate U.S. Dollar Negotiable Certificates of Deposit Due 30th June, 1986 Callable at the issuers option on the 28th June, 1985

The Taiyo Kobe Bank, Ltd. LONDON



In accordance with the terms set out in the Certificates Taiyo Kobe Bank Ltd. have elected to exercise their call option. The Certificates will therefore mature on the 28th june 1985 and payment will be effected on the principal amount plus interest at 9½% p.a. at Taiyo Kobe Bank Ltd., London.

Merrill Lynch International Bank Limited

DINGS

THE £120m agreed takeover b by Dalgety for Gill & Duffus brings together two companies

Profits have risen steadily to £67m last year, on turnover of

But Gill & Duffus - prob-

ably the world's biggest cocoa trader — saw profits plummit in the early 1980s when it tried to

move out of its traditional agri-cultural commodity merchanting

leaving the company highly vul-nerable to a predator.

A potentially hostile bidder

A potentially hostile bidder duly emerged several weeks ago in the form of a U.S. company which Gill & Duffus will not name. That made Gill keen to embrace — at the right price — a more congenial "white knight" and Dalgety seemed a logical partner, given the close trading relations that already exist between the two.

Rugby Cement in £65m agreed bid for John Carr

Rugby Portland Cement, Britain's third largest cementmaker, is to take over John Carr (Doncaster), a leading joinery manufacturer, in an agreed shares and cash deal

worth £64.6m.
Rugby had undertakings from the owners of 41.6 per cent of Carr's shares in addition to the 2.5 per cent stake it already owned when it announced the bid yesterday morning.
It nevertheless moved later in

the day to strengthen its position still further by buying an addi-tional 12.9 per cent stake in the market, extending its control of Carr to 56.5 per cent.

Carr to 56.5 per cent.

This takeover, will allow Rugby to reduce what it widely regarded as an over-dependence aimed at an agreed takeover. It regarded as an over-dependence on the static cement market and give Carr increased resources to expand. Carr's profits have been under pressure over the past 15

months.

This is the second acquisition to be carried out by Rugby outside the cement-related field in the past 12 months. In August 1984 it paid \$12m for Addison Corporation, a manufacturer to 91p. and distributor of timber and Carr

joinery products based in unaudited pre-tax profits fell Atlanta, Georgia. from £4.2m in the first half of Mr Barrie Hardcastle, managing and finance director of six months ended March 1985 on Rugby, said: "We could have turnover down from £22.6m to been criticised for being 500.7m.

The first half suffered from poor conditions in the building geographically into the U.S. and Australia in cement and in pro-duct terms we have gone into

timber products. "We try not to compete with our customers which restricts us a great deal in what we buy in the UK. Joinery was an activity we were already involved in in the U.S. We made the initial

did not name the potential partner but Rugby was widely regarded as the favourite.
Rugby is offering three of its

owo shares and 384p cash for every eight Carr shares. Rugby's shares fell 5p yesterday to 124p to value the bid at 94.5p per Carr share. Carr's shares rose 3p

Carr estimated yesterday that

Al Fayed's preference share bid lapses

By Charles Batchelor In a surprise move yesterday the Al Fayed brothers decided to allow their £663,000 bid for to allow their £563,000 bid for the preference shares of House of Fraser, the Harrods department store group, to lapse after failing to garner 90 per cent of the Fraser preference equity.

The outcome of the preference of the pr

ence share offer does not affect the fature of House of Fraser. The Al Fayeds gained control of the company in control of the company in March when share purchases took their holding in its ordinary equity to more than 50 per cent, guaranteeing the success of their £615m takeover bid. They have since increased their stake in the ordinary shares to more than 96 per cent.

96 per cent.

The decision to allow the preference offer to lapse rather than declare it un-conditional was interpreted by some City analysts as a warning to those investors who have fought for increased offers for the preference

Kleinwort Benson, merchant bank advisers to the Alfayed Investment and Trust, the company set up to make the bld, denied the move was intended to discourage pressure for more generous offers to be made to preference shareholders.

Eleinwort sold there was

snareholders.

Ricizwort said there was no time under the Takeover Code to increase the offer even if it had wanted to. "We were left with taking another potshot at the rump of share-holders who were either un-willing or who had died," it

said.
"A preference share cleavup would have been neat and tidy and the offer seemed welcome to the majority of preference shareholders," it added.

The Al Fayeds will now be required to continue to send Fraser annual reports to the preference shareholders disclosing more about the com-pany than they otherwise might have wished.

The Al Fayeds had already increased the value of their preference offer once at the prompting of the National Farmers Union Mutual Insurance Society, a strong defender of preference share-

holders' rights.
However, despite the willingness of the NFU Mutual to accept the higher bid the Al Fayeds still narrowly missed the 90 per cent level of acceptances cent level of acceptances needed to compulsorily acquire the outstanding Fraser shares under Section 209 of the Companies Acts.

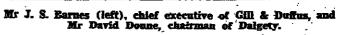
The NFU Mutual was also surprised at the failure of the bid. "This is extremely dis-

appointing from our point of view and from that of all Mutual said.
"They must just not have been able to chase up the small shareholders. I am sure

they are as disappointed as The Al Fayeds won acceptances from the holders of \$1.7 per cent of the 3.15 per cent preference shares, \$8.8 per cent of the 3.85 per cent prefs and \$5 per cent of the

5.25 per cent prefs.

which have each tried to diversify rapidly out of their traditional businesses, but with starkly differing results. Dalgety, which just a decade ago was still heavily dependent on its traditional Australesian trading operations, has radically shifted the emphasis of its busi-ness to the Northern hemisphere with a series of successful acqui-tions. These include Spillers, the UK milling and baking group, bought for around £80m in 1979, and the 1983 purchase of the agricultural divisions of Ranks Hovis, McDougall for some £28m.



Martin Dickson examines the Dalgety move for Gili & Duffus

Buying a cocoa future

Duffus as a potential acquisition. most important activity, account-

cultural commodity merchanting activities into areas such as chemicals. And although it has retrenched over the past couple of years, moving back to the businesses it knows best a tougher commodity trading climate has had a depressing effect on profits, which fell last year from £20.4m to £17.1m.

The result has been a lowly stock market rating, with shares trading not much above net asset value prior to Dalgety's move, leaving the company highly vulremains unclear, but there was evidently a rapid meeting of minds

"This really is a takeover that is all about—that awful word—synergy," says Mr David Donne, Dalgety's urbane chairman, who explains that the deal will create a broader based agricultural and food group with complementary skills and spreads of geographical interest. City analysts, however, took a more inkewarm attitude to the deal last night, arguing that Gill & Duffus's businesses were unlikely to add much to the quality of Dalgety's earnings. "It's a fair deal" said one. "They are not paying much over asset value, but I can't see it as tremendously exciting."

Dalgety maintains otherwise, saying that a merger will bring benefits from all Gill's three main areas of operations:

partner, given the close trading relations that already exist between the two.

Dalgety maintains otherwise, saying that a merger will bring benefits from all Gill's three main areas of operations:

Dalgety maintains otherwise, saying that a merger will bring benefits from all Gill's three main areas of operations:

Commodity trading and protection of the portant new markets.

Philidas, the fastener offshoot

Just who made the first move ing for about three-quarters of remains unclear, but there was last year's pre-tax profits—with evidently a rapid meeting of minds

"This really is a takeover than half of that coming from cocoa. It is a substantial coffee trader and also deals in rubber and sugar, though it has word—synergy," says Mr David Doune, Dalgety's urbane chair—business.

Dalgety gets some 20 per cent of its profits from trading com-modities, such as timber and grain, and says that Gill will bring to it skills and experience which it lacks in other com-

It also sees possibilities in linking its strong presence as a commodity supplier — for example it handles about a third of the Australian woolclip, but does not trade it—with Gill's broking abilities.

But it is a moot point just how much growth there is at least in the short term—in Gill's traditional commodity markets, where supplies are plentiful and where supplies are plentiful and prices depressed. Even cocea has moved over the past year from being in short supply to surplus, a fact which was partly responsible for Gill's profits fall last year. Before the hid analysis had been predicting a further drop in 1885 to only £15m to £16m pre-tax.

"You can't stay there's great growth in it (Gill's commodity trading)," acknowledges Mr Terry Pryce, Dalgety's chief executive.
"What you can do is run things better, learn from mistakes.

You can squeeze more out of

You can squeeze more out of these lemons—and it will improve our trading very much. ● Insurance. One of Gill & Duffus' more successful acquisi tions was that of Clarkson Puckle which owns two Lioyd's brokers.
Last year it made 13.3m pre-tax
and analysis are expecting a
healthy improvement on that in

1985. Dalgety has substantial insurance interests in Australia, where it mainly retails business to the farming community and sees scope for blending this expertise with Puckle's.

● Frocessing and Packing
Gill bought Pearce Duff, the UK
manufacturer of cornilour, cust
tard and baking powder, last year
for about £4m, adding it to his Sundora subsidiary, which pro-cesses and packs fruit and nuis

But the operations made no con-tribution to profits last year. Dalgety, for its part, is already a major presence in the UK foeds market, notably through Spillers, which makes pet-foods and conk-in sauces, and believes that it can rapidly improve the returns on Gill's interests. "Pearce Dur-has a good brand name," says Mr Pryce, who has a reputation as good turner-round of businesses.
"We will make it hum."

BSR chiefs face £200,000 pay cuts

THE TWO most highly paid directors of BSR International, the record changer group which transformed itself into a manu-facturer of electronic compo-nents, are to take sizeable pay

cuts.
Mr Neal Stewart, deputy chairman, and Mr Brian Christopher, chief executive, have agreed new three-year contracts with the company which would have lopped about £200,000 each off their total 1984 earnings of £526,000 each.

Both men may, however, reduce the impact on their earnings if profits of BSR

earnings if profits of BSR increase strongly after the new contracts come into force in January 1986.

Speaking after yesterday's annual meeting in London of the Hong Kong-based company, Mr Bill Wyllie, the chairman, said the company had renegotiated the contracts of all its

orrectors.

The large salary and bonus payments being made to Mr Stewart and Mr Christopher were related to the profitability of Astec, a Hong Kong manufacturer of power units

The new contracts will provide for a smaller percentage of pro-fit sharing on the audited post-tax earnings of the BSR group rather than just of Astec's earn-Mr Stewart and Mr Christopher

fit related bonuses last year.

BSR's trading levels were not as high as had been hoped in the early months of 1985 and the rescheduling of production had intensified, Mr Wyllie told the meeting.

"In recent weeks we have begun to see some signs of a pick-up in demand but I do not now expect that we will feel any benefit from this until the second half of te year," he added.

Leyland Paint reveals Kalon merger plans

AN INDEPENDENT paint his family will own over 50 per manufacturer with a market capitalisation of about £35m is Kalon has been much the capitalisation of about £35m is expected to be created from the proposed merger of troubled Leyland Paint and Wallpaper and Kalon, a private Yorkshire paint and chemicals company.

Kalon, owned by Mr Leslie Silver, chairman of Leeds United Football Club, is reversing into Leyland, whose shares were suspended when the deal was first announced last month.

Under terms revealed yester-day, Leyland is issuing 91.5m new shares to Kalon shareholders, giving them over 78 per cent of the enlarged group. Of these new shares, £3m worth will be placed on the stock market next month and dealings in the new company, to be called Kalon Group, are expected to begin on June 24.

Mr Silver, Kalon's chairman,

most profitable of the two com-panies in recent years. Last year pre-tax profits dipped from £3.2m to £2.7m on turnover of £53.3m (£47.9m)

poor conditions in the building

industry, a bad winter and a weak pound which increased the

cost of imports. Demand has how-

ever increased in the spring to the levels of a year ago, it said Rugby expects to benefit from

an interchange between Carr and Addison in the areas of product

development, marketing and dis-

Rugby said it plans to at least maintain the total 1984 dividend

of 6.2p per share in the year end-ing December 1985 on its share capital which will be increased

by 17.2 per cent as a result of

he issue. Analysis said the proposed

Analysis said the proposed Carr acquisition appeared to reflect the influence of Mr Andrew Tears, who came in just over two years ago as deputy managing director from Cement Roadstone Holdings where he had been in charge of acquisition policy.

tribution techniques.

By contrast Preston-based Ley-land, which has made heavy cuts and disposals to return to profit after two years of losses, made £26,000 pre-tax (£1.3m loss) on sales of £22.9m (£32.9m). For the third year in suc-cession Leyland is not paying a

After accounting adjustments, the merged group in its present form would have made £2.5m pre-tax on sales of £69.2m last

cent of Leyland's equity are backing the merger plan, which will be put to a company extra Mr Silver, Kanus charman, will be put to a company exter-ordinary meeting on June 17. County Bank is advising Ley-director of Leyland, will be deputy chairman. Mr Silver and adviser is S. G. Warburg.

Higsons quote suspended

Rigsons Brewery, the Mersey-side independent brewer, yester-day suspended dealings in its shares at 177p in what is believed

to be a prelude to a bid being made for the company. Depressed market conditions was one factor cited by the company, when, for the year ending September 28 1984, the group operating profit was £1.29m, a of 17.7 per cent.

of 17.7 per cent.
cpened a new brewing complex
costing about £5.8m where it
started to brew its own lager,
Higsons Pilsner, lager being the
one great growth area in the beer
market. Previously the company
had taken Carling Black Label
from Bass, Britain's largest
brewer, which has a 12.5 per
cent shareholding in the brewer.
According to Mr Harold
Thomas, Higsons' company secretary, the new lager had per-

formed quite well although

Mr Thomas said, however, that because of the investment the company's 160 pubs had suffered, although modernisation programmes had recently begun.

Higsons is the only brewer on Merseyside with the directors, all related to the chairman, Mr Gerald Corlett, holding some 30 per cent of the shares. Bass is the second largest shareholder, with Royal Insurance holding 9.5 per cent. Speculation was rife within the

Speculation was rife within the industry yesterday as to a potential purchaser. The North West of England is one of the most competitive beer markets in the country, with some of the most serious problems of over-capacity in an industry with static beer

RHP profit doubled to £4.3m

house products.

engineer which recently launched a bid for Muirhead yesterday reported a more than doubled interim taxable profit of £4.26m, against £2.11m

The major improvement continues to be within RHP Bearings and the overseas companies which are also mainly engaged in bearings, says Mr David Ewart, the chairman.

Turnover for the six months to end-March 1985 moved shead from £53.46m to £57.59m and produced a higher trading profit of £4.81m compared to £2.92m. Bearings operations produced higher trading profits of £3.09m (£1.45m); electrical activities improved to £1.45m (£1.24m);

and fasteners contributed more at £251,000 (£230,000).

The interim dividend has been raised from 1.25p to 1.65p. Earnings per share were more than doubled at 7.2p against 3.20

3.20.
Mr Ewart says that Industrial of RHP's UK bearings manufacturing activity, continued the progress made last year in improving margins and reducing

costs.

Precision Bearings, he says, has shown strong sales and profit growth and its order book continues to improve. Aerospace is having to recruit once again to meet strengthening demand which now goes well into 1986.
...NO 28...7½/S... The electrical division bas per-

Tax for the first six months of 1984-85 took £951,000 (£638,000), leaving a net result of £3.31m comment

The 1983-84 year produced a taxable result of £6,23m; on turn over of £105.71m, and the final yesterday reported a more-than-

RHP's £15m acquisition of Mairhead is now proceeding smoothly with the target's chairman writing yesterday to shareholders asking them to accept the offer—although it will not be until the end of the month that the characteristics of the month of the m that the final result will be known. What is clear from the increasingly pessimistic Muirhead statements is that any contribution to RHP this

formed well overall, he says, although programmable controller and that a two-year sorting out sales by MTE suffered as expected through the changeover acquisition starts to fully pay from Modicom to Westinghouse. growth of its speciality bearing market is good news—as is the fact that 40 per cent of sales of this division are overseas. Less can be expected from the electrical division until the new products of the sales of He states that it will take some time for programmable con-troller sales to reach previous levels but remains confident of the potential of the Westingducts are integrated the com-pany has switched from Modicon to Westinghouse. However, the results at the interim were better experienced slightly better trad-ing conditions and improved results. than expected—supporting the Tip price rise to 110p—and even the threat of some dilution from the share offer for Munchead should not hold back the price too much. For the pract malestance for according form, preserved. Group prospects for the second half look good and RHP is looking for a further cash inflow following the £2m attained in the opening period. too much. For the year analysts are forecasting from pre-fax which on a 22 per cent tax charge suggests a prospective multiple or 61 modest sublish to be still attractive despite the dilution risk.

Albion, the Belfast-based cloth-ing manufacturer, has after a five

year absence returned to the dividend list with the payment of a 0.6p interim in respect of the six months to March 31 1985. Pre-tax profits for the half year were alightly lower at £171,000, against £175,000, on turnover ahead from £3.04m to £3.29m. However, the directors say that Albion has completed a satisfactory period and are satisfactory period and are hopeful that the full year will

Private paper company takes Woodhead stake

Parsons and Whittemore, a privately-owned manufacturer of that Parsons held 5:2 per cent vately-owned manufacturer ut pulp and paper mills, has built up a stake of at least 5.4 per cent in John Woodhead, the Leeds-based maker of which suspension springs and shed absorbers.

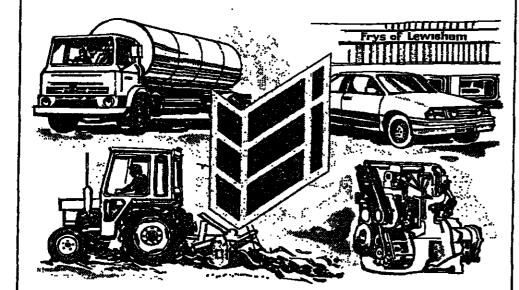
The share price of Woodhead rose by yesterday to 42p after the company disclosed that it was aware of a share building by another company. The intentions of the Dayer were not known but it had requested a intellige wifet to be two disclosed executives, woodhead said.

to be still attractive despite the later, it received notification that Parsons held 64 per cent by May 17. It was not known whether the Edding had increased since then

pre-tax loss in the first half ender last September on turnover 150.3m, and said it had close plants and cut staff. It saw if vigorous signs of recovery in its sector. At yesterday's closing price, the company was valued at £6.2m.

TEP Lecurities has a 12.5 per cent stake in Woodhead, and Norwich Union 8.8 per cent Other major shareholders are the Prudential and Pearl insur-

ELBAR INDUSTRIAL PLC



Group's Stronger Position.

Salient points from the Statement by the Chairman, to shareholders at the Annual General Meeting.

- * With completion of the Group's disinvestment programme all remaining operations in the Group were in profit after 4 months of the current financial year.
- * Next month sees the opening of a major new shop for Barclay Ross in Aberdeen.
- * The Group are in a stronger position than for several years. Borrowings have been more than halved since. 1981 and we have strong core activities capable of profitable growth.

Copies of the Report and Accounts can be obtained from The Secretary, Elbar Industrial PLC, (9th Floor), CP House, 97-107 Uxbridge Road, Ealing, London WS SPL.

AVERICAL DESIGNATION OF THE PROPERTY.

James Neill Holdings

MR HUGH NEILL'S COMMENTS AT THE AGM

- Sales in the first four months of the year show an increase both on the preceding four months and on the corresponding four months of last year.
- Prospects for 1985 are good.
- Expenditure already incurred in plant and machinery this year, plus existing commit-ments for the rest of the year, now total £2.3 million.
- Substantial expenditure vill also be incurred in 1985 in the implementation of the next stage of the group's reorganisation
- Negotiations are well advanced for the sale of the Company's Napier Street site aggregating 5.7 acres out of the total of 11 acres-for a figure of around £1 million.

A copy of the Company's latest Annual Report can be obtained

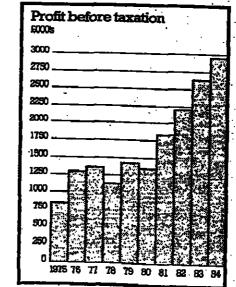
by writing to The Secretary, James Neill Holdings plc, Napier Street, Sheffield S11 8HB.

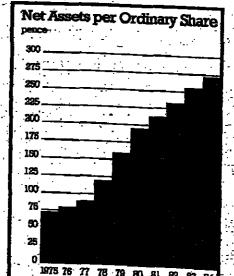
BANCO NACIONAL DE MEXICO. D.F.

Walter Lawrence

CONTINUED PROGRESS

- ★ 1984 profits reach new record level of £3,108,000.
- ★ Two for one capitalisation issue proposed.
- ★ "Despite production problems caused by severe weather in the first quarter of the year, I remain confident that the results for 1985 will not be unsatisfactory." J. A. B. Redgrave, Chairman





Copies of the Annual Report are available from The Secretary, Walter Lawrence PLC, Lawrence House, Sawbridgeworth, Hertfordshire CM21 9LX

Construction and Housebuilding

EU 15

* Total

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372 S

355 g i

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UK COMPANY NEWS

City lops 15% off Plessey's market value

PLESSEY, the telecommunications and electronics group, yesterday reported a fall in pre-tax profits of £12.5m to £185.7m for the year ended March 25 1985.

The shares, part of the FT 30-share index, were marked down by 28p at one stage but finished the day slightly off the bottom at 148p, a fall of 26p. This knocked £189m off Plessey's market value to £1.08tm, a fall of 15 per cent.

The main reasons for the fall in profits were losses at Stomberg Carlson in the U.S., weak sales of military communications in the Middle East, higher research and development costs and delays in System X deliveries.

Sir John Clark, chairman and Stromberg's to concentrate on multing equipment.

May 24 1986

and delays in System X deliveries.

Sir John Clark, chairman and chief executive of Plessey commenting on the results, said:
Taking into consideration the investment of substantial sums of money in the development of future products and the financing of work in progress, I do not regard them as unsatisfactory.

Total turnover increased from £1.25bn to £1.42bn. But the pre-tax result was struck after a £3.77m increase to £13.24m in interest charges and a fall from delay in acceptance has affected

Plessey Pre-Tax Profits 50-

payments—which are phased—and Plessey has added to the increase in working capital of £70m for System X. In the financial year Plessey's System X deliveries totalled just over £100m. It expects that to rise to £200m in the current year in payments increased 45 per tent to £22m. dend policy," he added.

The final dividend is being Marine had achieved exceptional raised from 2.24p to 3.58p, which lifts the total by 0.58p to equipment of approximately 4.58p. Earnings pre-extractional forms of the current year in the current

Research and development expenditure rose by £17.4m to £83.8m which represents 5.9 per cent of turnover compared with 5.3 per cent last year. The company also made further provisions for redundancies recently announced for its plants at liford and Beeston. The current provisions for redundancies at the end of March were £75m compared with £91m at the same time last year.

However, I would expect to

for about 1m exchange connections.

Like other suppliers of defence systems to the Middle East Plessey has been badly hit by a sharp fail in orders for its military communications from the oil producing countries. As a result the electronics systems division experienced a fall in operating profits of nearly £14m to £24.1m.

Research and development except the new technology businesses which will provide us with the basic building bricks for the next generation of equiloment

with £91m at the same time last year.

"However, I would expect to see a steady improvement in our engineering division. Sales rose performance in the second half of the year—and this confidence is reflected by the board's dividend policy," he added.

BOARD MEETINGS

THOMAS MARSHALL

(LOXLEY) P.L.C.

(Manufacturers of Carbon, Fireclay, and Heat insulating Refractories)

...off to a good start in 1985...

Salient points from the Chairman's circulated Statement. Group profit before tax shows a modest increase.

Group's principal manufacturing activities which has been offset by the necessity to write off heavy trading losses (£573,941) in withdrawing from an involvement in marketing industrial and domestic

Having reshaped much of the Group in 1982 and

1983 to make it more responsive to present day market demands and having withdrawn from the

loss making merchanting activities in 1984, your

confidence. We are already off to a good start in

by most of the subsidiary companies and we look

forward to this being reflected in increased Group

A final dividend of 1.2p per share makes a total of

MÄRSHALL REFRACTORIES

STORRS BRIDGE WORKS, LOXLEY, SHEFFIELD

...is moving to

continuing growth, we are moving

1 Finsbury Avenue, EC2

To accommodate our

to prestigious new offices.

ort and Accounts are available from the Secretary

directors look to the future with greater

trading profits, earnings and dividends.

2.4p per share (1.2p last year).

However, this advance masks a much greater improvement in the results flowing from the

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are issually ledd for the purpose of considering dividends. Official indications are not available as to whether the dividends are interime or finals and the subdivisions shown below are based mainly on last year's timetable.

Finals: Castings, Delyn Psakaging, Hobson, Lifecare International, Mac-donald Martin Distilleries, Prince of Wales Housis, H. Samuel.

RESULTS IN BRIEF

Profit before tax

Turnover

(Year ended 31st December)

Intni. Thomson Organisation May 29 lais of Man Enterprises May 27

R. D. Hart (Chairman)

£000

15,652

£000

17,452

Utd. Scientific midway fall

In the accounts for 1983/84 the directors said that the cost of the Ni-Tec move had been accounted for in full with a £3.64m debit below the line. They also then expected a better result for the current year, and stressed the strength of the order book. This is unchanged at the midway stage at £163m. at £163m.

at £163m.
There will be further costs
incurred at Ni-Tec in the second
half, during which time the
facilities will become fully

He adds that group trading and profits in the second half should exceed that of the first. The dividend is increased from 2p to 2.2p on the ordinary shares, which ended yesterday 3p down

Earnings are shown at 6.3p (7.5p).

comment

half, during which time the facilities will become fully operational.

Turnover for the period under review—the group is an arms company—fell sharply from soft 264.28m to £49.94m. Sir Frank Cooper, who became chairman last April, says that the fall was due to reorganisation and lower vehicle sales at Alvis, its armoured car manufacturer, as well as the Mi-Tec troubles.

Sir Frank adds that apart from the first—which suggests

Turnover of this meat whole saler and catering butcher climbed from £15.86m to £21.8m. After tax of £355,000 (£246,00) attributable profits emerged at £438,000 (£259,000).

The interim dividend is raised to company's comment was were unimpressive, the tenor of this meat whole saler and catering butcher climbed from £15.86m to £21.8m. After tax of £355,000 (£246,00) attributable profits emerged at £438,000 (£259,000).

The interim dividend is raised to company's comment was much more optimistic. Even on £182,000 (£77,000), leaving the first—which suggests to 162,000. Stated earning profits up from than in the first—which suggests 6.7p to 10.6p.

Date Corre- Total Total

FOLLOWING the downturn in profits for the last full year, United Scientific Holdings has slipped further in the opening six months of the current year, reporting a decline of more than £1.5m to £3.5m for the period ending March 31.

There have been more problems at the Ni-Tec plant in Dallas, Texas, where night telescopic sights are made. Delays in completion of the new facility presulted in greater disruption to production than had been anticipated, and costs relating to this have been included in an extraordinary charge of £1.62m (nil).

In the accounts for 1983/84 the directors said that the cost of the

Profits at Pyke Holdings have form to grow, with pre-lax figures improving from £505,000 to £793,000 in the six months to March 31 1985. Profits include two months results from the re-

cent acquisition of Bransbys, which is trading in accordance with the company's expectations, says Mr P. Garner, the chairman. Turnover of this meat whole saler and catering butcher climbed from £15.86m to £21.8m.

DIVIDENDS ANNOUNCED

	Current		ponding		last
	payment	payment	div.	year	year
Albionin	. 0.6		Nil	_	Nii ·
B & C Shipping	. 2.2	July 29	1.9	4	3.5
Cater Allen		July 9 -			
J. A. Devenishir		July 1			11.5
A. Goldberg		July 9		1	5.25
Heavitree Brewery in			6.6	_	30
Philip Bill			6.25	9.65	8.25
Maynardsin		July 4	4.25		11.75
Milletts Leisure	. 1	July 18	4	3.95	6.95
Plessey	2.58	Nov 1	2,24	4.38	3.8
Pyke Bldgsin		~~	2	_	5
Rembia Rubber		- -	1	1	1
RHP Groupin		July 11			3
Sandhurst		July 6	0.58*		0.86*
Spectra‡		-	_	2.28	
Utd Scientific			2		5.5
Weeks Associate		July 31			0.4 5.5
Young's Brewery		_	3	6.3	
Dividends shown pence	per share	net except	where o	otherwis	se stated.
* Equivalent after	allowing	for seri	p issue	. tOz	capital
increased by rights	and/or	acquisition	19671.es.	‡ USI	a stock.
§ Unquoted stock.					

From May 28th, our main telephone

number will be 01-377 0055.

Telex: 297361.

Minorco revises

forecast By George Milling-Stanley

BERMUDA - registered Minerals and Resources Cor-poration (Minorco) has revised earlier forecasts of a "substan-tial reduction" in net profits for the year to June 30 in the wake of an announcement of plans to sell a further sizeable part of its holding in Phibro-Salomon, the U.S. commodity broking and investment banking company.

Minorco, the international arm of South Africa's Anglo American Corporation/De Beers group, said that the extraordinary gain which will result from the dis-posal should bring 1984-85 net earnings broadly into line with the US\$27.1m recorded for the year to last June.

The proposed sale of 10m shares in Phibro-Salomon will lower Minorco's holding from lower Minorco's holding from 22 per cent to 14.5 per cent, and at yesterday's market price for the shares would have a gross value of over \$400m. The sale will be effected through a public offering to be managed by a syndicate led by Salomon Brothers and co-managed by Lazard Freres.

The residual holding in Phibro-Salomon will remain Minorco's largest single investment, and the group said it plans to retain its interest.

to retain its interest.

The group said yesterday that the proposed sale "will mark a major reorientation of Minorco's business policy." The investment in Phibro-Salomon, made in 1974, has shown "very satisfactory capital appreciation." Minorco added, but the gross cash yield from dividends has been only around 1.4 per cent of the market value of the investment. to receive a stock dividend of 2.5% out of the share premium reserve.

The group expects to realise a "significant" capital gain on the sale, and plans to use its enhanced liquidity "in attractive growth situations, both in new investment areas and through its existing major investments."

At the time of the earlier fore-cast of a fall in earnings in March, Minorco reported net earnings of \$22m (\$205.7m) for the half-year to December 1984.

The group's problems stemmed largely from the weakness of sterling against the U.S. dollar, which reduced the value of dividends from its investments in Charter Consolidated and Consolidated Gold Fields by 15 percent. cent.

Coupled with this were a fall in the share of income from group companies consequent on

group companies consequent on poor performances by Charter and Phibro-Salomon, and \$40.4m in extraordinary debits arising from Minorco's share of Charter's losses on its investments in Pohnson Matthey and Cape Industries, and of Engelhard Corporation's losses on the closure of its refinery operations.

Bass **Public Limited Company Interim Statement**

For the 28 weeks ended 13th April 1985

		28 weeks to 13.4.85	28 weeks to 7.4.84	53 weeks to 30.9.84
		£ millions	£ millions adjusted (Note 2)	£ millions
Ti	rmover (Note 1) osts and overheads, less other income	1,213.2 1,099.8	1,106.6 1,012.1	2,252.3 2,017.0
	ading profit (Note 1) ost of borrowing	113.4 7.3	94.5 10.1	235.3 16.9
Pr Ta	ofit on ordinary activities before taxation ix on profit on ordinary activities	196.1	84.4	218.4
	(Note 2)	37.1	28.9	74.7
	ofit on ordinary activities after taxation	69.0	55.5	143.7
رع ۵۱	straordinary charge for deferred taxation stributable to outside shareholders	(0.2)		9.2 0.9
	eference dividends	0.2	0.2	0.3
	arnings available for ordinary shareholders rdinary dividends paid and proposed	69.0	55.3	133.3
	(Note 3)	12.1	10.7	41.9
		56.9	44.6	91.4
	rdinary dividends paid and proposed — per share	3.70p	3.30 _i	12.90p
Ea	rmings per ordinary share (Note 4)	21.Jp	17.0p	44.0p
NO	OTES:			
1.	Turnover and trading profit (a) Operational analysis	28 weeks to 13.4.85	28 weeks to 7.4.84	53 weeks to 30.9.84
	Turnover	£millions	£ millions	£millions
	Brewing, drinks and pub retailing Leisure	933. 0 280.2	853.0 253.6	
		1,213.2	1.106.6	2,252.3
	Trading profit	<u></u>		
	Brewing, drinks and pub retailing Leisure	1 07. 9 5.5	88.3 6.2	
		113.4	94.5	
	(b) Trading profit is after charging/(crediting):	28 weeks to 13.4.85	28 weeks to 7.4.84	53 weeks to 30.9.84
		£ millions	£ millions	£millions
	Depreciation on tangible fixed assets Surplus on disposal of fixed assets and	35.3	29.7	
	subsidiaries — brewing, drinks and pub retailing — leisure Provision for employee share ownership scl	(4.7) (1.5) terne 3.7		(0.3)

given rise to an additional charge in the 28 weeks of £1.5m, compared to the previous half year. (c) In the period under review, there has been a continued steady growth in beer sales compared with the same period last year and our market share has increased. The severe winter affected the profits of racing operations and amusement machine manufacturing suffered from difficult market conditions. Hotels have performed well.

Easter was in the first half this year and in the second last year, which will affect trading comparisons. Furthermore the second half last year had the benefit of an extra week's trading and above average weather. These factors suggest that the substantial rate of growth in profits achieved in the first half of this year will not be maintained in the second half.

Taxation Taxation has been provided at an estimated effective rate of 35.0% (1984; adjusted to 34.2%) on

An interim dividend of 3.70p per share (1984: 3.30p) on the ordinary shares will be paid on 22nd July

Earnings per ordinary share are calculated by dividing the earnings available for ordinary shareholders £69.0m (1984: £55.3m) by 326.5m (1984: 324.9m) being the number of ordinary shares of 25p in issue at the end of the period and ranking for dividend. During the 28 week period ended 13th April 1985 expenditure on fixed assets was £120.0m (1984: £87.3m).

The results for the half year have not been audited. The figures for the year to 30th September 1984 have been extracted from Accounts which have been filed with the Registrar of Companies and contain an unqualified audit report.

Insurance Group AEGON nv established at The Hague, The Netherlands .

At the Annual General Meeting of Shareholders held on 22nd May 1985, the dividend for the 1984 financial year was fixed at Dfl. 5.80 in cash per Ordinary Share of Dfl. 10.00 nominal value. In September 1984 an interim dividend of Dfl. 2.30 was paid. The final dividend therefore would amount to Dfl. 3.50 in cash. In lieu of this final dividend shareholders may individually elect

For Shareholders wishing to receive the dividend entirely in cash, dividend coupon no. 5, attached to their shares, will be payable from 4th June 1985 at the head offices of:

Amsterdam-Rotterdam Bank N.V., Algemene Bank Nederland N.V., De Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., Credit Lyonnais Bank Nederland N.V. Nederlandse Middenstandsbank N.V. Pierson. Heldring & Pierson N.V., Bank Mees & Hope N.V., Nederlandsche Credietbank N.V., Bank Van der Hoop Offers N.V., Kredietbank N.V., Brussels, Kredietbank S.A. Luxembourgeoise, Luxemburg, Schweizerischer Bankverein, Zürich and Geneva, Deutsche Bank Aktiengesellschaft, Düsseldorf, Morgan Guaranty Trust Company of New York Ltd., London, J. Henry Schroder Wagg & Co. Ltd., London and AMRO-International Limited, London,

at the rates of Dfl, 3.50 per Ordinary Share of Dfl. 10.00 nominal value, representing the final dividend less 25% dividend tax. Dividend coupon nos. 6 and 7 are not being used and have been declared void. Until 30th August 1985, holders of Ordinary

Shares wishing to receive payment in Ordinary Shares against dividend coupon no. 5 will be issued with one new Ordinary Share of nominal value Dft. 10.00, which will participate fully in the profit for 1984 and subsequent years, for every 40 dividend coupons no. 5 surrendered. The coupons must be deposited at N.V. Nederlandsch Administratie-en Trustkantoor, N.Z. Voorburgwal 326-328, 1012 RW Amsterdam, The Netherlands. After 30th August 1985, the final dividend will be

payable in cash only.
The usual commission will be paid to members of the Vereniging voor de Effectenhandel (Netherlands Stock Exchange Association), thus enabling them to exchange dividend coupons no. 5 without charging commission to Shareholders.

The cash dividend/entitlement to payment in Ordinary Shares will be made available to holders of CF Certificates through the institutions with which the dividend coupon sheets relating to the shares were lodged at the close of business on 22nd May 1985. Those requesting their banks, in connection with the exchange of coupons, to accept the deposit of and/or to issue securities will be charged the applicable commission of Dfl. 50.00 plus BTW (value added tax) for each transaction. in accordance with the scale of charges laid down by the Nederlandse Bankiersvereniging (Netherlands Association of Bankers).

The Hague, 22nd May 1985 **AEGON nv Executive Board** 1, Churchillplein

AEGON Insurance Group - International growth from Dutch roots

'rivate paper

company takes

Voodhead stake

Jan Wooden e

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1000 (2000) 1000

Issue price: FF 1600

Dividends accrued

from January 1, 1985

Subscription open from

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information note registered with the French cunties commission (N' 85-105 dated nd 30, 1965) may be obtained free of charge an the company's head office and from the derenting institutions. (Official

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Application has been made for the Notes, in bearer form in the denomination of U.S. 85,000 or U.S. 910,000, constituting the above issue to be admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the temporary global Note.

Listing particulars will be available in the statistical services of Extel Statistical Services Limited. Copies of these particulars may be obtained in the form of an Extel Card during usual business hours on any weekday (Saturdays and public holidays excepted) from the Company Announcements Office of the Quotations Department of The Stock Exchange. Throgmorton Street, London EC2P 2BT. up to and including May 29, 1985 or during usual business hours on any weekday (Saturdays and public holidays excepted) at the addresses shown below up to and including June 7, 1985:—

Interest will be payable annually on May 31, the first payment being made on May 31, 1986.

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given that for the three months period from May 21, 1985 to August 21, 1985 the Notes will carry an interest rate of 87,6% per annum with a coupon amount of U.S.S 212.43. Frankfurt/Main, May 1985

COMMERZBANK OVERSEAS FINANCE N. V. U.S.\$ 150,000,000

In accordance with the provisions of the Notes notice is hereby given that for the six months period from May 20, 1985 to Novem-ber 20, 1985 the Notes will carry an interest rate of 874% per annum with a coupon amount of U.S.\$ 440.83.

COMMERZBANK

UK COMPANY NEWS

Barry Riley on Mercantile House's review of London operations Investment banking, U.S. style

Mercantile House has completed the strategic review of its London securities market operations and has another than the strategic review of the strate market operations and has announced to its staff the creation of a new integrated investment bank to be called Alexanders Laing & Cruickshank Holdings (ALCH). this Glasgow-based department store group, with pre-tax profits for the 52 weeks to March 30 1985 of £640,000, compared with f1.9m for the previous 53 weeks. Following the first half losses of £762,000, Mr M. Goldberg, the chairman, amounced actions to return the group to "acceptable levels" of profitability and growth.

A. Goldberg

after better

second half

reduced from 5.25p to 1p.

pects for profit recovery.

The improvement in 1984-85 performance has come mainly from the retail operations, where a half year loss of £1.2m has been reduced to £224,000 by the year end.

A review of the group's retail

A review of the group's retail operations and opportunities has resulted in the development of integrated plans for city stores, comprising Glasgow and Edinburgh department stores, town stores and stand alone Wrygges ctores.

Bank Brussel Lambert N.V.

Daiwa Europe Limited

Gotabanken

Société Générale

Bankers Trust International Limited

Commerzbank Aktiengesellschaft

Merrill Lynch Capital Markets

Morgan Stanley International

A SECOND half turnround at A. Goldberg & Sons has left this Glasgow-based department

in profit

The group has appointed a firm of headhunters to recruit a chief executive for the new organisation. Mr John Bark-shire, Mercantile's chairman, is looking for somebody with a broad investment background broad investment background and U.S. investment banking experience, and in salary terms is ready to pay "whatever the market price is to get him."

levels" of profitability and growth.

The dividend total is being reduced from 5.25 to 1p.

In proposing a final dividend of 0.5p (3.956p), the directors say they have considered the trading results for the year, the effect of the abnormally high tax of £487,000 (£679,000) on available profits and the group's funding requirements. Stated net earnings are shown as 0.9p reduced from 5.25p to 1p. AICH is being formed out of six component parts. One will be Alexanders Discount, in the be Alexanders Discount, in the money markets, and another will be the planned gittedged primary dealer trading as Alexanders Leing and Cruickshank. Three more divisions will be split out of stockbrokers Leing and Cruickshank and will trade under that name—a private client stockbroking firm, a separate institutional broking operation, and a corporate finance section. The sixth component will be Saturn Leasing.

Mr Barkshire says that the reduced from 5.20p to 1p.

The chairman says that the current year has started well with the much improved retail sales trend continuing. This, together with anticipated further growth in the earnings capability of its wholly-owned subsidiary, Style, gives the chairman increased confidence in the prospects for profit recovery.

Mr Barkshire says that the group is aiming to build an American-style investment bank in London. It has been modelled on Oppenheimer (OpCo) to take advantage, Mr Barkshire says, of the fact that Mercantile House is the only British company to own an American investment bank.

House will be applying to the Bank of England to set up an

Laing & Laing & very profitable business to be

inter-dealer broker (IDB) in the new London gilt-edged market. This will not be part of the investment banking structure, but will be a joint operation between its London money broking operation Marshalls and its U.S. subsidiary Fundamental Replaces which is prominent as a

its U.S. subsidiary Fundamental Brokers which is prominent as a U.S. IDB.

Mr Barkshire concedes that ALCH will, like others, find the initial going tough in the new-style London gilt-edged market, which could come into operation in October 1986.

"I believe that on a three-to five-year time-scale neople will five-year time-scale people will find it is not a profitable busi-ness," he says. Over that period,

ness," he says. Over that period, he suggests, an initial 25 primary dealers will shrink to no more than 10 significant contenders.

He argues: "Simplistically, L & Cs expanded corporate finance department.

Mercantile House still intends to believe, is the reason for going into it and staying in it. We think at that stage it will be a sind New York. Mr Barkshire

As for Laing & Cruickshauk, there will be little emphasis on equity market-making, for which Mr Barkshire believes prospects equity market-making, for which Mr Barkshire believes prospects are if anything even worse than for gilt-edged market-making. In the early years the group will be relying on private clients as "quite an important profit base." It will build up the institutional side along U.S. lines, and in particular will attempt to develop an "aggressive and innovative" corporate finance side. The research side will be expected to provide ideas for the mer-

Mercantile House Holdings

Alexanders Laing & Cruickshank Holdings

Chief Executive

The research side will be expected to provide ideas for the mergers and acquisitions beam and so "will become a profit centre as well as a sales aid."
"One or two" merchant bankers will shortly be joining L & C's expanded corporate finance demarkment.

explains that he hopes to link with one of the second tier of Japanese securities houses on a reciprocal basis: Mercantile would have perhaps 25-40 per cent of the Japanese house, with the latter taking a rather smaller stake in Mercantile itself.

Saturn Leasing

"At the moment it's a little too early. The Japanese aren't ready for that sort of deal yet," he says. "We hope over the next five years they will be." In the short run Mercantile faces a profits dip as earnings at OpCo and Alexanders come under pressure. Meantime, it

will be unable to buy the re-mainder of Laing & Cruickshank merchant a 29.9 per cent stake).

But Mr Barkshire claims: "We think we have got a jolly good framework on which to build. We believe we will emerge as one of the half-dozen winners there are going to be in the

profits rise over £3m

There was further growth for Young and Ce's Brewery in the year to the end of March 1985. Pre-tax profits grew by 14 per cent to £3.03m, from the previous year's £2.64m, on turnover increased from £32.37m to £35.57m, up 10 per cent.

With tax at £1.34m (£1.13m) and no extraordinary debits, against last year's £3.28m, earnings per share came out at 12.69p (11.28p).

12.69p (11.28p).
The final dividend is raised

from 3p to 3.3p, making a total of 6.3p (5.5p). The chairman. Mr John Young, says that the increase in profits is mainly due to improved efficiency at its brewery in Wandsworth, London, where a new £8m

brewhouse is working folly.

Beer production was down by
1.3 per cent in the year, but six
new pubs were opened.

In addition the company's
beer is now being sold through the big supermarkets, including Sainsbury's, Waitrose and Tesco, and is being exported to Italy. Deliveries to the United States are due to begin next month.

Traditional draught beer is Traditional draught beer is the company's mainstay but lager now accounts for 19.6 per cent of production. A premium lager has recently been introduced which is going very well.

Mr Young says that there is a continuous at the

great air of optimism at the brewery, where a new £1m bottling line is on order. The shares rose by 10p to 210p on the day.

Gomme slips but intends dividend

HIT BY the weak demand for furniture which existed last summer. Gemme Holdings' profitability was adversely affected in the first half of the 1984/85 year, with the result that taxable profits fell from £854,000 to £732,000.

However the commany intends

However, the company intends to resume dividend payments this

year.
Mr Leslie Gomme, the chairman of the group—based in High
Wycombe and manufacturer of C.Plan furniture-save that the order intake so far this year has been substantially higher than that for the corresponding period, and the order book is satisfactory. He expects that profit for the current half will be greater than that achieved in the first six

months, Provided satisfactory trading provided sadsractory training conditions are maintained, he forecasts that the company will be able to resume dividend payments with a single float payment for the year. The last dividend was paid in 1960. Arrears on cumulative preference shares were paid up at the end of January last.

were pant up at the tank and ary last.

Midway turnover was little changed at £14.68m against £14.51m, from which operating profits came to £922,000 (£1.15m).

Interest charges fell from £298,000 to £190,00. Tax on the profits came to \$22,000 (n)!! for a net result of \$710,000 (£954,000) or 5.12p (6.62p) per share.

John Perkins Meats The offer for sale of 3.4m shares in John Perkins Meats was slightly oversubscribed. The applications included 11,000 from employees, who will be treated on a preferential basis and receive their allocation in full. For the rest, all applications up to 90,000 shares will receive their allocations in full, while those above 100,000 will receive about 86 per cent.

Rembia Rubber

Lower full-year taxable profits of £66,000, against £153,000, have been reported by Rembla Rubber, a producer of natural rubber. Turnover for 1984 amounted to £107,000 (£147,000). Earnings per share were down from 2.61p to 1.16p --- the single final divi-dend is being held at 1p net.

Young & Co B & C Shipping buoyed up by associates' £43m profits

AN INCREASE of 13 per cent in 1984 taxable profits at British & There is included in the figures taken above the line relating to changes in the way foreign currency loans are accounted for solely by the group's considerable associate interests. In its own operations ordinary shares is lifted from an adjusted 19 and wife 19 22 marking a good first half turned in a —principally shipping and avla-tion—profits were nearly halved to £22.28m.

Associates, which include a 21 per cent stake in Exco Inter-national and 20 per cent of Over-seas Containers, lifted their conseas Contamers, lifted their con-tribution by almost £30m to £42.76m, to give a group taxable return of £66.22m a gainst £58.55m. BCS shares closed down 3p at 277p on the day. The directors acknowledge that the affairs of associates are of considerable importance, and say that subject to their negrormance.

that subject to their performance the indications for the current year are that profits will show an improvement

year are that profits will show an improvement.
Within the group's own activities, losses from shipping deepened, from £1.74m to £2.3m in 1984, but both air transport and aviation support services showed increases, from £14.58m to £17.12m and from £5m to £6.1m respectively.

Hotel profits moved ahead from £522,000 to £966,00, but the from £522,000 to £966,00, but the return from office equipment slipped to £2.56m (£2.93m).

Other activities, including central costs not specifically allocated, accounted for a £2.02m debit against credit £967,000. This deterioration was largely due to the absence of a contribution from Castmoor Travers.

bution from Gartmore Invest-ment Management, Operating profits last time were inflated by a £16.1m surplus on the sale of aircraft, which for 1984 is reduced to 7.41m, and by a £2.42m profit on the

The final dividend on the 10p ordinary shares is lifted from an adjusted 19p to 22p, making a total 4p (adjusted 35p). Earnings are shown at 17.3p against a restated 17p.

Group turnover rose from 5350.28m to 5376.55m and depreciation took £22.92m (£23.71m). Income from investments was virtualy unchanged at £15.39m

been expecting B and Cs operation if it confilmes to ing income was a little lower as expected, it than some had forecast, but that are not too dear.

The one genuine disappointment was office equipment, which after a good first half turned in a lower total for the year. However, changes in management have now been made, and the division should nick an again. division should pick up again this year. Forecasting a total profit for B and C is no easy virtualy unchanged at £15.39m Exco is expected to have another specially year, while OCL may be hard hit in the second half by competition from Evergreen and United States Lines. A heavy in its conservative accounting policies. The market was already prepared for record contributions from from two reductions from the reduction in B and Cs. Telegrate holding may prepared for record contributions from from two reductions from the reduction in B and Cs. Telegrate holding may prepared for record contributions from from the reduction in B and Cs. Telegrate holding may reduct the total from associates was still greater than analysts had been expecting B and Cs operation for the second half by competition from Evergreen and United States Lines. A heavy inflowed from the reduction in B and Cs. Telegrate holding may be hard hit in the second half by competition from Evergreen and United States Lines. A heavy inflow of cash from helicopter sales and from the reduction in B and Cs. Telegrate holding may be hard hit in the second half by competition from Evergreen and United States Lines. A heavy inflow of cash from the reduction in B and Cs. Telegrate holding may be hard hit in the second half by competition. company with whom B and C can appropriately be compared if it continues to steam shead as expected, it shares at 277p

Britannia and Heseltine talks off

Britannia Arrow Heldings, the private clients of whom 4,000 fund management, property and have £325m of funds under publishing group, has broken of talks with Heseltine, Moss & Co, the stockbroker.

The talks started last November that it had agreed with Haselthat in the Moss partners to take an initial 29.9 per cent stake in the stockbroker. Britannia intended to take its stake to 100 per cent when Shock Exchange rules per future management philosophy and the running of the broking ment on the details in the con-sideration. Although the terms were understood to be a conten-tious issue in the merger there were also disagreements over future management philosophy and the running of the broking business. .mitted

Heseltine Moss has 30,000 business.

matter, but of the associates, Exco is expected to have another

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May 24, 1985

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COMMERZBANK

Floating Rate Notes Due 1989

Frankfurt/Main, May 1985

UK COMPANY NEWS

Miners' strike and mild weather depress Milletts

Milletts Leisure Sheps yesterday blamed the miners strike and the mild early winter weather for a full-year tarable loss of £395,000.

The strike affected trading throughout the year, particularly in the north of Engiand, says Mr Alan Millett, the chairman. And the mild weather which lasted until after Christmas "was not helpful to trading in what is our busiest period."

The losses, compared to profits of £431,000, were below the company's expectations and the market knocked 20p off the share price to 145p.

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market knocked 20p off the share price to 145p.
Shareholders of this leisure wear retailer are having their final dividend cut by 75 per cent to 1p, which leaves the total at 3.95p against 6.95p. This is again uncovered with Milletts showing an attributable loss of £917,000, up from £152,000.

However, they are told that the board is confident that, with normal trading conditions following the end of the strike, there will be a return to profitability.

there will be a return to prost-ability.

The taxable result was struck Operating margins in the year after depreciation of £667,000 to January 28 1985 were severely reduced with higher turnover of \$434,000 (£281,000), and included

Second half

by Deritend

recovery



Mr Alan Millett

£29.06m, compared with £20.06m, producing an operating profit halved at £630,000.

a surplus on fixed asset disposals of £75,000 (£9,000).

The loss per 20p share was 6.3p (earnings 4.8p) pre-extraordinary items.
During the year Milletts purchased Lewis Enterprises (Gents Wear), which traded satisfactorily and is earmarked for expansion, and 53 shops from Wakefields Stores.

"We are today a very much larger company than at any time in our history," says Mr Millett. However, he says there is still a good deal more work to be done to integrate fully the Wakefields shops.

to integrate run, shops.

The integration and rationalisation of these shops brought about an extraordinary provision of £470,000 (£64,000).

Milletts also acquired from Black of Edgington its 50 per cent interest in Milletts Shops Scotland and the eight shops are now wholly owned.

Negotiations are well advanced

Negotiations are well advanced for the disposal of a number of surplus properties which, the chairman says, will substantially reduce borrowings.

"We believe these actions are laying a firm base for the future growth of the company," he says.

Ecobric launches rescue

A good second half enabled Deriters Stamping, the West Midlands-based company, engaged in forgings, castings, electrical installations and repairs, to report pre-tax profits up by 6.2 per cent for the year to the end of February 1985. That compares with a fall at the interim stage of more than 30 per cent from £823,000 to £427,000. Beobrie Holdings, a North London demolition and scrap metal duced from £1.9m to £350,000 in recycling company, has launched a capital reconstruction. There is no dividend, against a single losses in a venture making fire entinguishers.

With the appearant of the control of th

F427,000.

For the full year, tutable profits were £1.52m, compared with last year's £1.42m, achieved on turnover which was 10 per

on turnover which was 10 per cent higher at £37.9m.
The chairman, Mr David Mead, says that the results confirmed his views at the interim stage that prospects were encouraging. A final dividend of £1p, up from last year's 3.8p, makes a total for the year of 6.3p, compared with last year's p.

Earnings per share rose by 5 per cent from 22.3p to 23.4p. ber cent from 22.3p to 23.4p.

Mr Mead adds that most companies in the group have had a quiet start to the year. Howevich is being processed at the moment, is encouraging for the full year.

16 months.

In addition, there was a fil.4m extraordinary charge — largely brought about by closing down the loss-making fire extinguisher extinguisher subsidiary which the company have undertaken per cent of the moment, is encouraging for the full year.

As a result of these losses, written the rest.

rights as losses mount BY STEFAN WAGSTYL

Sims as mance interior.

Ecobric, which was floated on the USM in 1982, announced pre-tax losses of £304,000 for the year to the end of January, against £362,000 for the previous 15 months.

In addition there was a £14m

losses in a venture making fire extinguishers.

With the agreement of its hankers, the company is raising pre-tax profits of £150,000 for the current year and intends to £756,000 with a seven-for-two rights issue and is planning to sell its head office in Finchley to help cut borrowings.

Mr Ronnie Altken, a company doctor, has taken over as chairman from Mr Leslie Jones, Ecobric's founder, who becomes deputy chairman. Mr Graham Ernington replaces Mr Philip Sims as finance director.

Ecobric, which was floated on the USM in 1982, announced the USM in 1982, announced the new shares are being the new shares are being the self-compared to the self-compare The new shares are being offered at 10p each, compared with a stock market price last night of 32p, down 3p. Holders of both ordinary and deferred ordinary shares are eligible.
The directors and the Edinburgh Financial Trust, the largest institutional shareholder.

have undertaken to take up 35 per cent of the issue and the English Association has under-

Cater Allen suffers setback in second half

Cater Allen Holdings yester-day joined the ranks of dis-count houses that have reported lower profits for the

tial improvement at midway, Cater experienced a setback in the second half which reduced the 1984/85 outcome by 5 per cent from £3.92m to £3.71m. This was after provid-ing for rebate, tax and a trans-fer to contingency reserves.

Dividend held

Despite this, however, the dividend total for the year to April 30 is being held at 28.875p through an unchanged final dividend of 20.875p on the enlarged rights capital.

Capital and disclosed reserves at the year-end amounted to £32.07m compared with £22.05m a year previous. The total of balance sheet assets was £1.79bn against £1.44bn,

comment

Cater Allen has picked a nimble path through this year's troubled discount market to come out with after-tax profits only a shade down on last year's level. The out-turn compares well not only with some smaller houses, including Clive Discount, which were hit so badly by the sudden increase in interest rates in January that they reported losses for the year, but revealed a near 50 per cent profits fall earlier this week. The City rewarded Cater Allen with a 13p jump in the share price to 538p, where the yield is 7.7 per cent again Gerrard's 5.5 per cent. The gap reflects the market's thoughts about the relative sizes of the two houses, rather than their recent performance. Clearly the City is concerned that recent performance. Clearly
the City is concerned that
there will be little room for
smaller houses like Cater
Allen when the gilts market
is opened up to the big banks.
Cater Allen is keen to stay
independent and prove the
pundits wrong.

Maynards begins to see benefits of re-organisation

Maynards, the confectionery manufacturer and toy retailer, is beginning to reap the benefits of its reorganisation. Although the effects were only partially reflected in the result for the first half to the end of February 1985, sales excluding VAT rose by 5 per cent from £22,84m to £24,01.

Trading profit was down by £64,000 to £1,47m, but after the repayment of £180,000 of overpaid VAT, pre-tax profits showed a rise of 7 per cent from £1,53m to £1,64m.

The chairman, Mr Robert Ramsdale, expects the reorganisation to be completed by the end of the year.

All of the company's confectionery, tobacco and newsagents shops have been sold, but most of the freehold properties, as well as some of the leasehold, have been retained and sub-let

well as some of the leasehold, have been retained and sub-let at commercial rent. These will form Maynards new property division, the full benefits of which will not appear until the next financial year. However the divisions contributed profits in the first six months of £81,000. The closure of the confectionery manufacturing factory at Crawley, Sussex, and the transfer of most of its capacity to the company's North London factory was completed last month. Lower was completed last month. Lower overheads and improved use of

labour is being achieved already.

The acquisition of a small confectionery manufacturing company, with a product range complementary to that of Maynards, is being completed at the moment.

The Zodiac toy retailing subsidiary managed to maintain its margins by the policy of developing its own range of products. That was achieved despite considerable price competition.

New shops have been opened in Liverpool, Scunthorpe, Bristol, Brighton and Newbury. Further outlets, each with a sales area of 8,000 sq ft, in line with the company's moves to have larger repany's moves to have larger re-tail units. will be opened in Portsmouth, Barnsley and Kings

Mr Ramsdale, says that with an enlarged range of summer and activity toys and increasing display opportunities the chain's quality continues to improve as does its performance throughout the year. He anticipates an im-proved second half for the divi-

sion.

The interim dividend is maintained at last year's 4.25.

The share price closed at 320s, which was 5p down on the day but still 70s above that offered hy Mr Lew Cartier in his partial hid which the company successfully found of at the beginning fully fought off at the beginning of last year.

Weeks Associates betters forecast with £186,000

TAXABLE PROFITS £6,000 levels and eroded margins, but ahead of forecast at £185,881, a profitability had declined in strategy for expansion by building on the success of the distribution activities and moving into the says that in the current financial year, emphasis is being

bution activities and moving into new areas, are announced by Weeks Associates for its con-tinuing companies. Results for the 53 weeks to February 3 1985 exclude the effects of the appointment late last year of a receiver to the Weeks Trailers subsidiary. Also excluded are pre-tax losses of excluded are pre-tax losses of £356,123, attributable to Trailers, and extraordinary charges.

and extraordinary charges.

The group's continuing operations—rubber products distribution and engineering equipment—achieved a turnover of £8.7m compared with £7m previously.

Mr Wilfred Airey, the chairman, says that the distribution division responded to re-organisation with an \$4 per cent increase in profits on sales up 24 per cent. In the engineering division, he says action had been taken to deal with lower trading

He says that in the current financial year, emphasis is being placed on expanding in-house manufacturing operations, further development of the distribution network and the introduction of new products. "Profits are predicted to rise

"Profits are predicted to rise in a slowly improving trading environment, and the division looks forward to an on-going and stable growth," he says. Generally, Mr Airey says that although engineering market conditions will continue to be very competitive, prospects for the group are "not discouraging."

A final dividend of 0.1p (0.4p) A mai dividend of 0.1p (0.2p) is being paid, this being the only payment for the year. Dividends absorb £10,429 compared with £41,715. There was a stated loss per share of 2p against earnings of 1.1p last time.

Application has been made to the Council of The Stock Euchange for grant of permission to deal in the Ordinary shares of Charife Browns Car Part Centres pic in the Unlisted Securities Market, it is emphasised that no application has been made for these securities to be admitted to listing.

CHARLE BROWNS

CAR PART CENTRES pic

Share Capital

Ordinary shares of 10p each Authorised: £750,000 Issued and to be issued fully paid: £600,000

Placing by Rensburg & Co

of 1,799,090 Ordinary shares of 10p each at 76p per share

Charile Browns Car Part Centres pic operates 33 retail outlets in the North of England; 30 are self-service supermarkets, selling a wide range of motor vehicle parts and spares and providing fitting services for tyres, exhaust systems and other components. A proportion of the Ordinary shares being placed are available to the public through the market during market hours on the day of publication.

Particulars of the Company are available in the Extel Unlisted Securities Market Service and copies of such particulars may be obtained during usual business hours (Saturdays and public holidays excepted) up to and including 14th June 1985 from:

14-16 Queensgate, Bradford BD1 1RB 11 Park Square East, Leeds LS1 2NG

Wediake Bell 16 Bedford Street, London WC2E 9HF 24th May 1985

- Record post-tax PROFITS of J N NICHOLS (VIMTO) P.L.C. of £2,583,000 compared with £2,246,000 last year.
- TURNOVER amounted to £19,492,000 against £19,429,000 in
- An increased final DIVIDEND 2.75p per share is recommended, making a total of 5.25p for the year, 16.7% above last year's 4.5p.

In his statement with the Accounts, Mr Peter Nichols, the Chairman, says:

- "The canning factory at Southampton achieved a particularly high output, whilst we improved our bottling facilities at the Northern factories, with a marked result on efficiency and
- "Our product range was increased by the introduction of Ball-Hi, sales of these cans being most successful. We are hoping for a similar success with our recently launched Mexicana. All in all, we are marketing and selling ever more effectively and look forward to 1985 with confidence."
- "The current year has started well, export sales being already 30% up on the same period last year, and I am confident that the results for 1985 will show a further expansion throughout the

Registered Office: Ledson Road, Manchester M23 9NL

lessey signals record orders



Three recent orders, worth about \$200 million, have consoli Pleasey international leadership in sonar systems.

■ Sales £1,416 million

■ Pre-tax profit £164 million

■ Order book £1,605 million 1984/85 Preliminary results

An extract from The Plessey Company's unaudited consolidated results.

52 weeks ended 30 March 1984 £000 1,415,741 1,252,368 Operating profit 143,265 146,309 163,655 176,136

Copies of the full Report and Accounts for 1984/85 will be posted to shareholders on 17 june 1985.

The Plessey Company ple Vicarage Lane, Illord



This advertisement is issued in compliance with the requirements of The Council of The Stock Exchange. It does not constitute an offer of, or invitation to the public to subscribe for or to purchase, any securities.

General Motors Acceptance Corporation

U.S. \$200,000,000

101/4% Notes Due 1989

The following have agreed to purchase the Notes: Merrill Lynch International & Co.

Arab Banking Corporation (ABC)

Crédit Lyonnais

Orion Royal Bank Limited

Bankers Trust International Limited Banque Nationale de Paris

Commerzbank

Daiwa Europe Limited

Banca del Gottardo

Generale Bank

Girozentrale und Bank der österreichischen Sparkassen Gulf International Bank B.S.C.

Kuwait International Investment Co. s.a.k. Norddeutsche Landesbank Girozentrale

Toronto Dominion International Limited

Bank Brussel Lambert N.V.

Nomura International Limited

Banque Générale du Luxembourg S.A.

County Bank Limited

Dai-Ichi Kangyo International Limited

Mitsubishi Finance International Limited

Bank of America International Limited

Union Bank of Switzerland (Securities) Limited

DG Bank

Genossenschaftliche Zentralbank

Great Pacific Capital S.A.

IBJ International Limited

Société Générale

S.G. Warburg & Co. Ltd.

Application has been made to The Council of The Stock Exchange for the Notes, in the denomination of U.S. \$5,000 each, with an issue price of 100 per cent., to be admitted to the Official List. Interest on the Notes is payable annually in arrears on June 5, commencing on June 5, 1986.

Particulars of the Notes and the Issuer will be available in the statistical services of Extel Statistical Services Limited. Copies of the listing particulars relating to the Notes may be obtained during usual business hours on any weekday (Saturdays and public holidays excepted) from the Company Announcements Office of the Quotations Department of The Stock Exchange, Throgmorton Street, London EC2P 2BT, up to and including 29th May, 1985 or during usual business hours on any weekday (Saturdays and public holidays excepted) at the addresses shown below up to and including 6th June, 1985:

180, Strand.

May 24, 1985

MANAGEMENT

I NEVER in the slightest bit wanted to build a multi-million pound empire, I just wanted to create a more stable and enjoyable business.

So says John Wiltshier, head of the 175-year-old John E. Wilt-shier group, which, in the 24 years of his reign, he has built up to be the largest privately owned commercial building group in Britain.

In the process he has inplanted a mangement style which gives an unusual degree of autonomy to his staff, and a corporate structure designed to ensure that no individual unit in his empire gets too big.

He also has no sympathy whatsoever for companies which complain about declining workoads and the recession in Britain's construction industry.

For, in the years since he took over his family's business—based in the Cathedral town of Canterbury in Kent and still regularly called upon to work on the Archbishop's Palace - he has managed to increase its turnover from £600,000 a year to its current £140m a year, with operations now extending into the U.S., Middle East, and Singa-pore as well as throughout the

"We have kept up our workload by identifying sectors which are not in decline and by not blanketing the country, he says. "We have concentrated on defined areas and then gone hard for work we have identi-fied, by putting management effort into planning and pretender analysis."

Selecting the right kind of client is crucial, he says. "We try to go for clients who identify their interests with our interests — that is, getting a building built on budget and on time—and who know what just likes them to be positive. they want. We avoid those Wiltshier's considerable perthey want. We avoid those authorities whose primary interest is not in building but in avoiding making mistakes." For Wiltshier, selecting new

clients is rather like choosing new employees. "We talk to worked with a prospective client, other professionals they've worked with, and other contractors who have done busiwith their professionals." With a list of projects in

superstore for Tesco, £1.8m office building for Lega! and General and £6m building for General and £6m building for does. He is very dynamic, with Porsche, he emphasises that he particularly likes working for are not all as fast as he is." "High Street clients because they're positive, insurance companies because they're positive, and major property companies because they're positive."

the company is, for example, ran things at a slower pace." on as the Mr Wiltshier of that currently building new offices worth £3.8m for the Chiltern District Council, a £1.5m being refurbished and, in the library in Reading and a £3.7m attic office, Mr John points autonomy spreads right down



'We stick to what we basically know'

John Wiltshier explains the growth of his empire to Joan Gray

proudly to the rules of the com-

Crown Court in Guildford, and stone for Cleveland County Council's new £3m computer centre in Middlesborough. It

sonal energy has also been a major factor in fuelling his company's growth. He emphasises his philosophy that business is exciting and if you are to be successful you have to serious coming to work and to enjoy coming to work and motivating people to achieve,"but he can be a hard example to keep up with. As his longest-serving direc-

tor, Harry Hills, director and general manager of Wiltshier Canterbury puts it: "Mr John expects action and expects other people to work as fast as he Hills started his career with the company working for Mr John's father, and has seen what he describes as its "massive growth" under his son.
"Mr John is different from his This is not to say Wiltshier "Mr John is different from his does not enjoy working with father," he says. "His father public sector clients—after all was more of a gentleman and

pany's Sick Fund for Employees established in 1877. He also points to the centuryold ledgers which show Wilt-

shier working for local firms still in business today. But as Hill stresses, tradition and reputation as a reliable local contractor "may help us at the smaller end of the business, on the larger jobs—such as building a £3.6m supermarket for Sainsburys or a food processing plant for Batchelors-it is price and service that matters In denying that he ever

pound empire Wiltshier main-tains that he does not look at it as one £140m business anyteam at the top. And we can guide someone growing a business from £1m to £10m because we have done that already.' He describes his policy as "encouraging people to build their own businesses under our

umbrella—we like the MD of each of our regions to be looked

the company-and seems to work. Hill emphasises that one reason he likes working for Wiltshier was the independence it gives him, and he then

extends the principle.

"The company has grown by splitting it down from large units, and I also split my operations down into painting and displaying and constitute of the principle. plumbing and small works and masonry and give the people in charge of them autonomy too."
But none of this should be taken to imply that the growth has been achieved without

"When we hit £40m a year turnover I hit sleepless nights because of fear of the unknown," says Wiltshier. You have to have the discipway, "but as several smaller businesses making up a group and welded together by the team at the team often in the past years it's been the business running me because so much has been going

> He points to two particular danger points in the company's expansion. The first came it was starting to expand overis, and he decided to set up a small company linked with a French house manufacturing

Wiltshier describes this as a "thoroughly unsatisfactory part-

nership which we terminated after three months because our Getting to the top attitudes were different and we had different ideas of what could be done."

Ending the French venture cost Wiltshier £60,000—although it did help lead to a contract for the group's interior con-tracting subsidiary to renovate the Cafe de la Paix by the Opera in Paris,

But the failure of its first French venture was small been compared with its second major mistake, resulting, says Wilt-shier, from putting "too much strain on the management at

The problem started when, in 1982, some building businesses from the Humphries and Glasgow group. It set these up into two companies— Wiltshier Scotland and Wiltshier (Housing) Northern, and it was with the latter that the problems arose.

"We were successful in Scotland, but we ran into serious trouble with the northeast of England operation, which was doing new local authority housing—a business we did not understand," he says. Wiltshier (Housing) Northern has now been shut down—with a loss of £1m in 1984—a year

when the group's profit was £2m. Wiltshier Scotland—which carries out the same sort of building as the rest of the group is now operating profitably.

learnt from this costly mistake was to "stick to the business we basically know," he now says, ruefully.

Following this principle, Wiltshier has also withdrawn from the small mechanical and electrical engineering and airconditioning businesses it set up as "sidelines," selling them out to their managements.

Another problem to which John Wiltshier admits is the difficulty of finding the right quality management to keep up wth a rapidly expanding com-pany. Though "currently well served throughout the group," Wiltshier has in the recent past fired four finance directors.

It was, he explains, " difficult to get a man who was the right guy at £Xm turnover and still the right person at £3Xm in a few years' time." He emphasises that, latest in

a long line of building Wilt-shiers though he may be he not driven dynastic feelings. "It would be quite wrong

I have no burning desire for a Wiltshier succession," he says. "The oldest Wiltshier child is now 19. They will have to prove themselves elsewhere before perhaps they can join up in

Insecurity: a good basis for a successful career

David Bell reviews a book on the motivation of industry leaders

JOHN HARVEY-JONES, chair he was "abandoned" to man of ICI, will not take English boarding schools while business calls on Sundays except in dire emergencies. Arnold Weinstock, chief executive of GEC believes that in the end. he is "responsible for everything" in his company. Jonathan Miller, the director, is still haunted by the memory of his father on his deathbed "rearing off his pillows, clutching his breast and saying 'I am a flop'."

Three vignettes from a tanta lising new book called "The Change Makers" which Change Makers "* which attempts to isolate the factors that have made 17 Britons successful in business and industry. They are a disparate lot — from Sir Michael Edwardes, late of Chloride, BL, ICL and Dunlop, to Arthur Scargill, president of the National Union of Mineworkers. The list includes Sir Peter Parker, erstwhile head of British Rail and now chairman of Rockware, the glass group, Clive Jenkins, general secretary of the union ASTMS, and Jeremy Isaacs, chief executive of Channel 4 TV. Five of the

17 are women, including Prue Leith, the successful restaurateur and director of British Rail, and Mary Quant, the

No chorus of agreement

All 17 agreed to in-depth interviews about their success. The result is interesting enough, but oddly two-dimensional because so much of what they have to say is left at face value. There are scarcely any comments from colleagues, wives (husbands) or children, save in the case of Mary Quant's husband. So when Lord Wein- "fame". In his case, comments stock says "no one feels obliged in Private Eye, the sartirical to agree with me about anything and they do not agree with me all that much" there is no chorus of agreement, or disagreement, from his colleagues. Still some common themes do merge. First, most of the 17

felt a sense of insecurity or loss in childhood. Weinstock's better " for the sake of his emstuck to relatively " safe " gen-parents died when he was very ployees and shareholders. If eralisation. The devil, in this young. Parker's father went things go wrong which threaten case, is surely in the detail. bankrupt, Harvey-Jones felt the company or " if we have a "By Cary Cooper and Peter 'almost orphan-like' because bad manager " then it's my fault 'Hingley. Harper & Row, 27.50 parents died when he was very young. Parker's father went

was "abandoned" to his parents remained in India. Both of Len Murray's parents died before he was 19. Arthur Scargill was pole-axed by the death of his mother when he

was 18. Second—and closely linked a surprising number still feel themselves to be loners. Solitary and self-sufficient, many of them clearly feel they had something clearly feel they nau someoning is more vital man use to prove as they were growing is more vital man use to prove as they were growing is more vital man use the proventions. In Harry and intentions." In Harry and intentions." In Harry and intentions." up. Most comess sum. Harvey-Jones calls "an element of self-doubt."

Success does not necessarily mean being "driven." But most of the 17 clearly share the third characteristic: enormous en an ability to slog away, to keep going. Part of this is because alcall in business-school-speak. "clear value and belief sys-tems." Clive Jenkins finds echoes of Weish Calvinism. People like him, he says, "have always got a goblin on their shoulders saying 'why aren't you working and preferably per-

sarily religous, but they are but-tressed by the conviction that individuals can change things. To believe that, says septuagenarian, Lord Longford, who still works a day that would exhaust some people half his age, "yes, you must be a loner."

Fourth, all stress the importance of their families. Harvey-Jones still always takes birthdays and anniversairies off.
Isaacs somewhat ruefully concedes, like many of the others, that his intense work schedule has sometimes been a very great strain on his family. Jonathan Miller, also like several others, only just managers to be philo-sophical about the drawbacks of "fame". In his case, comments magazine, stili cut deep.

Fifth, most are conscious of is fiercely protective of ICI's reis fiercely protective of ICI's reputation as a company that cares ship from Plato to the present for its employees. Weinstock is determined all the time to "do of the interviews seem to have better" for the sake of his emstuck to relatively "safe" genployees and characholders. To ordinate the sake of the cardinate to the present into about 10 pages. And most determined all the time to "do of the interviews seem to have better" for the sake of his emstuck to relatively "safe" gen-

for putting him there." Indeed, it is "people prob-lems" that seem to worry them much more than anything else Hence the sixth theme, the one they all stress the most: the ability to communicate. Specess ful managers, says Parker, " talk

ful managers, says Person, Tais to as many people as they can break the reporting system; break the hierarchies, break the systems that breed bureaus racy." Nothing, says Edwards is more vital than the ability. Jones' world " a lot of succe people I know are bloody and listeners." Managers, says Wen stock, have to know how to be a "psychoanalyst or a psycha-trist." For Clive Jenkins "six teaching and preaching it all goes back to that."

Ambivalent attitude :

The women among those terviewed have clearly had an extra problem to solve. Proe Leith notes that far too many nanagers still dismiss women a "gentle, meek and lacking ag-gression" when actually they are just as successful at running things. Clare Mulholiand, deputy director of television at the Independent Broadcasting Authority, thinks women nee more role models to bolste their confidence because they are still so much in the minority as managers. Elizabeth Mac Donald, marketing director of estate agents Knight, Frank and Rutley, has, with the others, come to terms with the fact that "most men, if they are honest, have a very ambivalent attitud towards females careers—they think it is a marvellous idea previded it doesn't affect their convenience personally."
This book is almost free of the

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didactic, how-to-make friends-and-make a millon, superficiality that disfigures so many works a sense of loyalty to their color of this kind. Almost, but not leagues. Harvey-Jones says he quite. The authors can't resist is fiercely protective of ICI's re-cramming a history of leader-

TECHNOLOGY

EDITED BY ALAN CANE

Holograms join the fight against industrial forgery

Peter Marsh on a novel printing technique aimed at beating the counterfeiters

THE GROWING threat to industry of counterfeit goods can be resisted by the use of holograms in labelling technology, accord-ing to a British company that has developed a novel printing

technique for these devices.
Each year "pirate" organisations around the world produce more than £10bn worth of products that are sold under the The problem has become so

bad that earlier this year the International Chamber of Commerce, an organisation with about 100 member nations, set up a Counterfeiting Intelligence Bureau (CIB) to track down the

Among the industries affected are jewelry, fasionwear, toys, computers and perfumes. Mr Jack Heslop, an ex-fraud-equad officer in the City of London police who is chief investigator at the CIB, says that counterfeiting is growing, partly because modern computerised machinery makes it easier to turn out near-perfect replicas of indust-

A way to counter the forgers is being promoted by Applied Holographics, based in Braxted Park, Essex. The company is turning out several thousand holograms a week on behalf of about 20 companies investigatabout 20 companies investigating their application in security of hologram (which is virtually labelling as well as other areas such as printing madit and such as printing, credit and identity cards and general pack-

Holograms are three-dimensional "photographs" of objects devices that are being intro-

MATERIAL PROSESSION OF THE PROPERTY OF THE PRO

REFLECTION"

METHOD

THE Counterfeiting Intelligence Bureau, set up a few months ago just outside London, is investigating 18 cases brought to its attention by companies that have been

hit by counterfeit goods.

Mr Jack Heslop, chief investigator at the bureau, says most companies do not want their names revealed as they do not want to divulge to competitors that they are in commrecial difficulties. Companies pay Mr Heslop's team of four officers a fee to

trace the source of the counterfeit goods and to come up with suggestions on legal mechanisms to counter the Counterfeiting has spread

in recent years from its original base in the Far East, Organisations practising this activity are operating in the Middle East, South America and some parts of Europe, particularly Italy,

recent years.

millions of dollars in exports as a result of counterfeit goods, which were on sale in China and the Middle East. The culprits were later traced to Taiwan.

machinery used in the engineering industry may have led to the greater activity in counterfeiting in the past few years. With such hardware, a relatively low-skilled engineer can turn out replicas of parts used in, for instance, computers or consumer bardware, which can then be made the

the genuine article.

Applied Holographics hopes to gain commercially through its adoption of a novel technique in relatively quickly and cheaply. These so-called reflection holo-

grams are produced by a different method to the transmission sional "photographs" of objects that are being mire-than can be very difficult to re-dired, for example, on credit up two years ago and has raised produce. If stamped onto a label cards. The transmission holo-or a credit card, they can act grams are made by an emboss-rities market. It began trading

Relatively few cases have come to light in Britain.
Trading-standards officers on
Merseyside, however, have
set up their own museum of
counterfeit goods collected in

In one recent case, Crown Wallpapers, owned by Borden Chemicals of the U.S., found it was losing

Modern **computerised** basis of copied equipment.

as a guarantee that the item is ing method similar in principle the genuine article. ing method similar in principle to the way letterheads are

stamped on notepaper.
According to Applied Holographics, this type of hologram lends itself more easily to forgery then the reflection variety. A world leader in transmission holograms, which makes the embossed devices seen on many British credit cards, is American

Banknote Company of the U.S. The Essex company was set up two years ago and has raised an object whose characteristics about £2m on the unlisted secuare to be copied. The scattered are to be copied.

build up to an annual turnover of several million pounds in the next few years. Among the customers of the

34-strong company are: • A small software enterprise in Rochdale, Lancashire, called A 'n F Software. The company is selling a video game for us with home computers called "Chuckie Egg 2." The package in which the cassette is contained has stamped onto it an Applied Holographics hologram as a seal that the game is not a

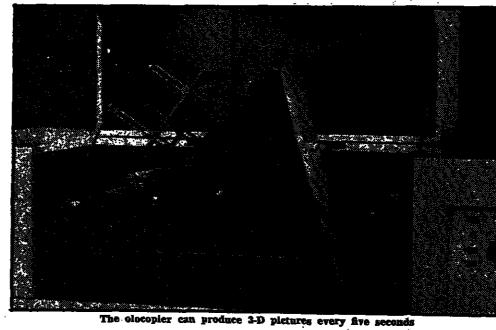
 An unnamed British perfume company that plans to use holo-grams in a similar application. A British chemical enter-prise, which wants to stamp holograms onto containers of pharmaceuticals to depict to customers how many pills they should take a day.

Applied Holographics bases its activities on a £200,000 machine, called a Holocopier, that produces reflection holograms very quickly, at the rate of one every 5 seconds. These so-called reflection holograms are normally made by a laborious process, in which one is turned out every hour or so. A hologram is the result of the physical interaction, called

interference, between two sets of light waves, both of which emanate from a source of coherent light (in which all the radiation has the same wavelength) such as a laser. One set of waves, called the object beam, is scattered from

radiation interferes with the

TRANSMISSION



second set of waves, called the reference beam on the surface on the surface special polyester-based emulsion contain far less information, in the form of interference patterns, than the reflection variety

After development, in a process similar to the treatment of a chemical film in photography, the emulsion becomes a holo-gram which captures in three dimensions an image of the object. This image can later be created by shining onto the hologram light of suitable wave-

Most holograms in general use, for example on credit cards, respond to white light — in which radiation of all visible wavelengths appears.

Applied Holographics has sold three Holocopiers, two to com-panies in printing and one to the chemical industry. It also operates two machines at its Essex headquarters which are used by customers to make holograms in batches of anything from a dozen to several

One reflection hologram the size of a large postcard costs about £4, with smaller devices pany can make reflection holo-grams at this kind of speed.

Transmission

Development of the Holocopier, the size of a large filing tion in the form of an intercabinet required a mixture of skills in optics, chemical proces
Transmission holograms, on the other hand, store information in the form of an interference pattern only on the sequence of these reactions, he is unable to reproduce the right conditions for copying

special polyester-based emulsion (made by liford) is pulled past a laser on a spindle controlled electronically. The ffim rests on a glass win-

dow, whose angle in relation to the laser can be changed by a simple mechanical system. Every five seconds, a burst of radiation from the laser, supplied by J. K. Lasers of Rugby, it is fairly easy to see at which angle the film should be held impinges on the film, forming the reference beam. A second beam from the same laser is channelled by an optical arrangement through the film and is scattered off an object held the other side (see dia-

The object could be a model of a logo, a bunch of keys or anything that a customer wants to use as a 3-D illustration on a certain product.

The reflected radiation, forming the object beam, interferes with the reference beam throughout the complete cross section of the emulsion, which is about 6 micrometres thick As costing proportionately less. Mr a result, an interference pattern Oswald Boxall, Applied Holo- of alternating light and dark graphics's chairman, says that areas is formed on dozens of as far as he knows no other com- microscopically thin layers with-

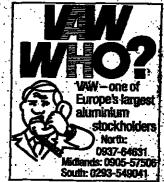
and are therefore easier to copy. To copy a hologram (whether

variety) with the Holocopier.

the "master" film is held in contact with another layer of film and the laser fired again. in relation to the laser. The hologram is simply turned until one of the colours seen is the same as that of the light that the laser produces.

With a reflection hologram, on the other hand, the fact that on the other hand, the fact that the interference patterns are overlaid many times makes it practically impossible to spot the right angle for the laser. light by trial and error, provid-ing an inhelit protection are ining an inbuilt protection against

copying. A second protective mechanism is that after the light has impinged on the emulsion-coated film, the latter is subjected by the Holocopier to a series of chemical reactions which change the nature of the interference Patterns.



All change in switching market

THE WORLD public witching market is about to see a major turnabout, generating substantial opportunities for suppliers ready to meet the demand for digital switching technology.

That is the chief conclu That is the chief conclusion of a new report, World Public Switching Marketh 1955 Edition, from the New York consultancy Northern Best-ness Information.

It says the digital switching market is still wide open as only five market but

only five manufacturers had managed to enter the market on a large volume basis by the end of 1982: Alentel-Thomson of France, Northern Telecom of Canada, L. M. Ericsson of Sweden, NEC of Large and CTE of the Tig. Japan and GTE of the U.S. It warns that up to half the existing suppliers will disappear over the next five years because of exponentially increasing development easts.

costs, overcapacity, mar saturation and ruthless of The study cests \$1,275. More on New York 732 0775. Z-TAT chip

HITACHI of Japan has developed a complementary metal cride (CMOS) semicas ductor single chip micro-computer with one-time electronically programmable readonly memory (EPRON), which the company says is a first for the electronics indus-

it is the first of a new family of microcomputers, Z-TÁT, for telecommunica

tions, office automation and industrial control uses.

The new chip, the HD63701XOP, is an eight-bit microprocessor with 4,800 bytes of EPROM and 192 bytes of read and write memory.

Priced at \$15.95 in quantities
of 1,000 it will be available

Also in August the company will be sampling a static RAM which it says is twice as fast as any other on the market. It will be priced at \$68.56 in quantities of 10,000.

MAKING HOLOGRAMS

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NEW YORK STOCK EXCHANGE 32-33 AMERICAN STOCK EXCHANGE 33-34 U.S OVER-THE-COUNTER 34, 38 WORLD STOCK MARKETS 34 LONDON STOCK EXCHANGE 35-37 UNIT TRUSTS 39-41 COMMODITIES 42 CURRENCIES 43

Frankfurt Commerzbank

Paris CAC General

1982

KEY MARKET MONITORS

1984

Yen

FFr

BFr CS

1983

Year ago

468.11 124.71

153.15

826.4

496.61

633.7

460.7

54.81

173.3

1.015.8

161.3

128.3

976.9

85.26

367.2

Year ago

177.9

Prev 488.40p

£1,210.50

£2,082,50

\$26,675

Prev \$316.75

\$316.75

\$317.49

\$317.25

10.67

1.085.4

1,303.76 1,113.80

622.90

161.98

186.56

1,020.9

1,333.8

642.98

705.49

484.9

12,649.13 12,697.35 10,023.5

888.5

562.0

95.03

2.028.4

2,708.1

132.96

n/a 190.36 187.68

"223.1"

...124.2.

442.38 439.29 349.40

n/a 319.64 208.70

209.8

170.2

336.11 339.57 283.76

822.45

970.7

111.33

n/a 1,393.32 1,442.69

434.3

Prev

212.2

May 23 489,45p

£1,203.50

£2,114.50

\$26,625

May 23 \$315.75

\$315,50

\$315.27

\$315.25

1,285.9

1,617.30 1,599.64

991.92 995.59 787.40

10.74

1985

CURRENCIES

Previous

3.0765

250.65

2.5865

1,963.5

61.95

1.3685

INTEREST RATES

U,S BONDS

Price Yield

99242 9.23

1029 10.925

May 23*

10% March 1993 98% 10.90 .98%, 10.90

100%

80%

82

9.385

U.S. DOLLAR

3.075

251.2

9.4125

2.5845

1,967.0

62.05

1.3715

3-month U.S.\$ 6-month U.S.\$

(3-month offered rate)

DNL FF7

(offered rate)

Tressury

9%

11%

AT & T

U.S. Fed Funds

U.S. 3-month T-bills

1992

1995

2015

10% June 1990

37 July 1990

8% May 2000

Diamond Shamrock

Federated Dept Stores

U.S. Treasury Bonds (CBT)

U.S. Treesury Bills (IMM)

10% May 1993

10% May 2013

11.80 Feb 2013

Abbot Lab

CHICAGO

LONDON

June

8% 32nds of 100%

\$1m points of 100%

\$1m points of 100%

\$1m points of 100%

£50,000 32nds of 100%

Alcos

1000

1980

DJ Transport

S&P Composite

DJ Utilities

LONDON

FT Ord

FT-SE 100

FT-A 500

TOKYO

FT-A All-share

FT Gold mines

FT-A Long gilt

Metals & Mins.

Credit Aktier

Belglan SE

Composite

Portfolio

DENMARK

SE -

FRANCE

CAC Gen_

FAZ-Aktien

нона кона

Hang Seng

Banca Comm

ANP-CBS Gen

ANP-CBS ind

HORWAY

SPARI

Oslo SE

SINGAPORE

Madrid SE

SWEDEN

J&P.

WORLD

SWITZERLAND

Capital Int'l

Silver (spot fixing)

Oil (spot Arabian light)

Copper (cash)

London

Paris (fixing)

Luxembourg

New York (June)

Swiss Bank Ind

Straits Times

SOUTH AFRICA

ITALY

WEST GERMANY

Commerzbank

ind. Tendence 126.5

Terento Metals & Minks

Mickel-Den

Tokyo SE

AUSTRALIA

All Ord.

AUSTRIA

BELOIUM

CANADA

1981

STOCK MARKET !NDICES

620.57

161.26

1.010.2

1,325.3

640.34

479.8

10.77

560.8

96.01

2.016.5

226.4

1,294.6

209.5

169.9

111.25

May 22

211.8

COMMODITIES

GOLD (per ounce)

2,276.99 2,253.85

SECTION III - INTERNATIONAL MARKETS

FINANCIAL TIMES

Friday May 24 1985

WALL STREET

1000

STERLING

3.895 317.0

11.885

3.275

4.3975

2.484 B

78.35

1.7355

5¼ 5% 10%

Price Yield

991/2 9.13

1029% 10.93

Price Yield

10.25

8.75

100%

80%

11.25 82 11.25

96% 11.30 96% 11.30

102% 11.55 102% 11.55

75-03 74-28 74-20 74-29

92.27 92.24 92.19 92.27

91.95 91.98 91.89 91.98

105-18 105-18 105-09 105-20

· 92.83 92.76 92.67 92.75

May 23 Previou

1.2625

3.88

3.26

316.5

11.8425

4.3725

2,475.5

1.7255

5% 5%

6% 7% 7.65

10612 10.467 106132 10.43

1031 10.655 1031 12 10.59

10.25

8.75

11.20

101% 12.05

FINANCIAL FUTURES

tes of Deposit (IMM)

Latest High

78.1

Conflicting views on outlook

WALL STREET clung by its finger ends to its recent new peaks as clashes in the House of Representatives over the budget proposals gave fresh cause for investment uncertainty. With opinions again divided on the outlook for interest rates and Federal Reserve policies, bond prices trod water. The stock market suffered renewed profit-taking which quickly drove the Dow average below 1300 again, writes Terry Byland in

New York The market was on the downside throughout the session, although it edged above the Dow 1300 mark a couple of times - albeit briefly. At the close, the Dow Jones industrial average was a net 7.05 points down at 1296.1, turnover

remained high. The division of opinion among investors was displayed by conflicting views expressed by Dr Henry Kaufman, of Salomon Bros, who believes the economy is recovering fast, and Mr Preston Martin of the Federal Reserve, who is worried

that growth may be too slow. In the credit market, hopes of a second cut in the discount rate abated for a while - Dr Kaulman rejected such suggestions emphatically in his address to a savings industry convention. Federal funds slipped back below 8 per cent again and money market and Treasury-bill rates showed little change from

overnight. In the stock market, there was some disappointment at the struggle to hold on to the Dow 1300 mark - regarded as a significant benchmark of bullish sentiment. At mid-session, the Dow had edged above 1300 again, but the recovery was somewhat lacking in conviction.

Stock in Gulf Canada fell % to \$13% ahead of the purchase by Olympia and York of the stake held by Chevron at \$22.21 for a total \$2.5bn. The NYSE active stocks list was headed by the when issued Unocal stock, which added % to

In the aerospace-defence sector, General Dynamics stood out again with a rise of 1% to \$72% on the market's hope that the navy's ban on new contracts with the company will be resolved when the new chairman takes over.

Three Wall Street brokerage firms recommended General Dynamics stock to clients on the view that the bad news is now out of the way and the fall in the stock has been overdone. Boeing added \$1/4 to \$63% after All Nip-

pon Airways ordered jet airliners and Lockheed at \$50 were \$% better. But some other defence issues shaded lower after reports reached Wall Street of struggles over defence and welfare spending as the House debated budget proposals.

McDonnell Douglas at \$72% gave up 5% and United Technologies shed \$% to \$40%. General Electric was \$1/4 off at

A fall of \$1 to \$131% in IBM helped hold down the Dow Jones average. Other computer stocks were mixed, NCR adding \$1/4 to \$29%, while Honeywell shed the same amount to \$61.

Motor stocks were somewhat disappointing, however, turnover was small. Although lower interest rates traditionally benefit industry sales, General Motors shaded by \$% to \$69%, and Chrysler by \$1/4 to \$351/2.

Pharmaceuticals came in for some profit-taking after the strength of recent sessions. Merck shed \$\% of this week's advance to stand at \$107% and Pfizer was \$% off at \$50%, still waiting for a clearer prospect for the U.S. dollar. The strongest feature in the sector

was Upjohn, which bounded ahead by \$4% to \$106% after recommendations by Morgan Stanley for Mino.idil, its hair But chemicals had a sluggish session.

Du Pont, a strong spot this week, remained ver firm, adding a further \$\% to \$58% in quiet trading.

Airline stocks featured renewed demand for Pan American, which edged up by \$\% to a new 52-week peak of \$6\%. More than 2m Pan Am shares have been traded in the past two sessions as the

market responds to the group's aggressive thrust into some domestic routes.

But United, now in the grip of a strike by its pilots, eased by \$1/2 to \$46, also on heavy turnover. American at \$45% and Delta Air at \$45%, held steady in light

trading.
In the bond market, prices began to slip lower at mid-session, when traders commented that turnover was thin. The strong upswing in prices over the past month seems to have come to an end, and the good news - the cut in the discount rate - is now out of the way.

LONDON

Electricals detract from bid activity

THE announcement of three more takeover bids whetted speculative interest in London, but a minor blow was dealt by

falls in electricals. The FT Ordinary share index flirted with an all-time high throughout the session but ended down 10.7 at 1,010.2.

Debenhams, up 6p at 368p, again held centre stage on hopes of a counter to the Burton bid. Business was also highlighted by a bid for Gill and Duffus, 10p lower at 180p, from Dalgety, 17p easier at

Gilts opened easier, resisting the effects of a stronger dollar, lower U.S. bond prices and a warning that UK interest rates could remain high because of excessive monetary expansion, but later rallied to close with few changes.

Chief price changes, Page 34; Details, Page 35; Share information service, Pages 36-37.

AUSTRALIA

BARGAIN HUNTERS moved into Sydney to quell the recent slide, but most shares ended steady to easier.

The All Ordinaries index dropped only 0.9 to 887.3 compared with a 9.6 slide the previous day.

Gold stocks suffered most from the activity with Central Norseman 6 cents lower at A\$9.20, Kidston off 10 cents at A\$4.25 and Bougainville 8 cents easier at A\$2.26.

Oil and gas stocks also fell on indications of weaker international oil prices. Vamgas shed 10 cents to A\$4.40, Bridge Oil 5 cents to AS2.25 and Hartogen Energy 4 cents to AS3.30.

In banks, National Australia added 4 cents to A\$4.34 after reporting a midyear profit well above market expectations. Westpac put on 3 cents to A\$4.25, while ANZ lost 5 cents to A\$4.63.

HONG KONG

A FORAY by small investors' into Hong Kong in search of bargains sent prices higher in active trading. However, institutional buyers elected to remain on the sidelines. The Hang Seng index recovered some

of its previous day's losses to rise by 17.66 to 1,617.30, back through the 1,600 barrier.

Hongkong Telephone picked up the HK\$1 it dropped on Wednesday to return to HK\$95. News that Sing Tao Newspapers plans

to shift its base to Australia had little effect on the market and its shares. last traded on Tuesday at HK\$11.50, will resume trading today.

SINGAPORE

THE easier trend in Singapore continued for the third consecutive day and prices turned lower across the board. Foreign and institutional buying. which encouraged last week's rally, were absent, affected by poor economic growth figures.

A 10 cent drop in DBS to S\$6.25 led most other banks down. Malay Banking shed 5 cents to \$\$6.30 and UOB lost 2 cents to S\$4.42.

Elsewhere, Genting continued to fall dropping 5 cents to S\$6.30, while Keppel Shipyard put on 3 cents to S\$1.60.
Hotels and properties were slightly

weaker while commodities and plantations ended steady to stronger. Industrials tended to ease.

EUROPE

Frankfurt powered by automotives

FOREIGN institutional investors made their presence strongly felt during ro-bust trading in Frankfurt yesterday as the Commerzbank index continued its upward drive to new peaks.

For the 11th day in the past 15 sessions the market indicator reached a record, adding 8.7 to 1,294.6, despite a modest easing in the tone during late trad-

ing.

The foreign and domestic interest was centred on a select group of stocks with automotive shares replacing banks as favourites.

Spurred by Daimler Benz's strong earnings growth in the past four months and the implications this has for others in the industry, almost all stocks in the sector marched forward.

Daimler led the field with a DM 12.50 advance to DM 758, while BMW added DM 5.70 to DM 388.50 and Porsche DM 18 to DM 1,219.

Trading in bank shares lost momentum after several days of unabated rises. Deutsche Bank lost DM 1.50 to DM 498 and Dresdner DM 1 to DM 226.50, although Commerzbank firmed 30 pig to DM 188.30.

Engineering stocks eased after a firm opening with Linde falling DM 3 to DM 448 and Preussag down DM 2 to DM 279.50 after news of lower first-quarter sales. MAN moved against the trend and firmed DM 1 to DM 157.

The bond market's sentiment was dented by a lower close in U.S. credit markets, a firm dollar and a lack of new incentives to continue the recent strength.

Trading remained active in Amsterdam, although price movements were marginal either way.

Insurer Amev slipped 10 cents to Fl 242.70 despite its announcement of a first-quarter profit rise while Aegon was down Fl 4 after going ex a Fl 3.50 dividend to finish at Fl 189.

Among other major groups, Royal Dutch eased Fl 7.50 after going ex a Fl 6.75 dividend and Unilever firmed Fl 1.50 to FI 343.50.

Consolidation after a rally seen during the past week continued in Zurich with bank stocks falling to profit-taking. Bank Leu dropped SwFr 175 to SwFr 3,775 an Union Bank SwFr 35 to SwFr

Insurance stocks were generally sold with Winterthur shares marked down by SwFr 185 to SwFr 4,390, despite news that it will pay a higher dividend, and Zurich Insurance moved Swff 175 lower at SwFr 25,550.

Paris share prices continued sharply higher in a busy session. The opening of the new trading account help build on the market's fundamental strength. By the close of trading, advances outnumbered declines by 117 to 20 with se-

ven companies unchanged. The recent declines in domestic interest rates continued to lift the tempo of trading in Brussels and hopes of further

reductions added further support. Wagon Lit was again among the leading rises, firming Bfr 185 to BFr 3,170 while Gavaert added a further BFr 85 to

BFr 3,750. For the fourth consecutive day, Stockholm prices lost ground as fears about

high domestic interest rates bit into confidence.

Electrolux was an important exception, closing SKr 1 higher at SKr 290 as

the most actively traded stock. The fall in Volvo's first quarter earn-

ings, although widely expected, pushed the group's shares SKr 12 lower to SKr The banks were mixed with Handels-

banken SKr 1 down at SKr 141 and Skanska the same amount higher to SKr 91.

Milan ended the day mostly lower in heavy but erratic trading. The market, having risen sharply in recent months, is consolidating while awaiting direction from the outcome of union wage negotiations.

Business remained light in Madrid with the market marginally lower.

TOKYO

Hesitation tempers the mood

CAUTION was evident during trading in Tokyo yesterday as investors began to question whether the market had overextended itself during the recent six-day upswing, writes Shigeo Nishiwaki of

U.S. farm groups

exports, Page 42

seek boost in

Jiii Press. Large-capital stocks, notably electric and pharmaceutical groups, came under the heaviest profit-taking pressure.

The Nikkei-Dow market average, which had gained 316 points in the previous six trading days, lost 24.44 from the preceding day to 12,649.13. Losses outnumbered rises by 449 to 339, with 143 issues unchanged. Volume de-creased from Wednesday's 751.18n. shares to 554.91m.

However, among biotechnology-relat-ed stocks, Mitsubishi Chemical topped the active list with 26.41m shares changing hands as it rose Y11 at one point before closing Y6 higher at Y505, while Asahi Chemical, after opening weaker, attracted strong buying interest toward the close and finished at Y1.010 - un-

changed from the previous day. But other biotechnology issues were generally depressed, with Green Cross falling Y90 to Y2.710 and Dainippon Pharmaceutical Y30 to Y4.610.

Fuji Electric, which had been sought following its development of solar batteries using amorphous alloys, closed Y3 lower at Y386, with a turnover of 13.62m shares.

Cement stocks were also in the spotlight. Onoda Cement added Y30 to Y372, while Nihon Cement and Sumitomo Cement each gained Y11 to Y291 and Y350, respectively. Plans for diversification attracted investor attention to these is-

Buying interest in large-capital stocks weakened Mitsubishi Heavy Industries was the second busiest issue with 25.89 shares changing hands, but dropped Y4 to Y283. Nippon Steel also dipped Y4 to

Electric power and gas issues lost strength across a broad range, with Tokyo Gas shedding Y5 to Y212 and Tokyo Electric Power Y20 to Y1,930.

Sanko Steamship tumbled to Y96 at one point but closed Y10 down at Y100. Small-lot selling pushed down blue chips across a wide front. Fujitsu lost Y30 to Y1,110 and Hitachi Y15 to Y771.

Buying orders placed with the "big four" brokerage houses by foreigners in early trading totalled 43m shares against selling orders for 31.5m shares. Foreign interest centred on steel, elecpower, gas and railway

Bond prices opened lower in response to the weakness of U.S. bond prices and the yen, but later recouped some ground on purchasing by trust banks and other institutions. The yield on 7.3 per cent government bonds due in December 1993 rose from Wednesday's 6.595 to 6.605 per cent.

SOUTH AFRICA

GOLD stocks turned lower in heavy trading, reflecting the easier trend in international bullion prices.

Randfontein slipped by R3.50 to R212 Southvaal lost R2 to R88.50 while Buffels remained unchanged at R86. The lower trend flowed on to affect

other precious metals and minerals with Rustenburg Platinum shedding 30 cents to R16.80, diamond share De Beers 5 cents to R10.90 and Palamin 25 cents to

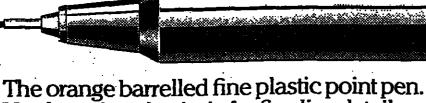
CANADA

TORONTO retreated for the second day running in heavy trading, with the composite index slipping 16.77 to close at

Gulf Canada topped the actives, shedding C\$% to C\$18%, having resumed trading in the afternoon after Olympia & York said it planned to acquire Chevron's 60 per cent stake in the company. Among other actives, Bell Canada lost CS½ to CS41%, Royal Bank rose CS¾ to

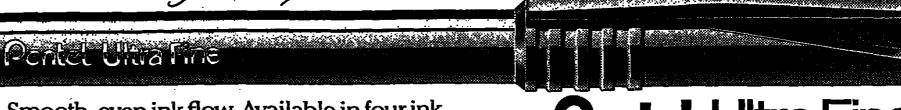
C\$29% and Shell Canada shed C\$1% at Montreal traded down with industrials, banks and utilities all off.

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NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

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WORLD STOCK MARKETS

AUSTRIA May 23 Price + or May 23 Price + o	NORWAY or May 23 Price + or May 23 Aust. 5 Price + or May 23 Aust. 5 Price + or May 23 Price + or May 24 Price + or May 25 Price + or May	
May 23	March Property P	Fairfiles
NOTES Prices on this page are as quoted on the individual exchanges and are last traded prices. 5 Dealings auspended. Ad Ex dividend. At Ex strip issue. At Ex rights. As Ex atl.	Energ Res	InBind 36 8 15 143, 15 143, 16 16 16 16 16 16 16 16 16 16 16 16 16
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TORONTO Closing prices May 23 948 Abil Proe \$187, 18 1874 + 5, 1963 0 Daon Dev 420 948 Abil Proe \$187, 18 1874 + 5, 1963 0 Daon Dev 420 948 Abil Proe \$187, 18 18 1874 + 5, 1963 0 Daon Dev 420 948 Abil Proe \$187, 18 18 1874 + 5, 1963 0 Daon Dev 420 948 Abil Proe \$187, 18 18 1874 + 5, 1963 0 Daon Dev 420 948 Abil Proe \$187, 18 18 1874 + 5, 1963 0 Daon Dev 420 949 April Proe \$187, 18 18 1874 + 5, 1963 0 Daon Dev 420 940 Abil Proe \$187, 18 18 1874 + 5, 1963 0 Daon Dev 420 940 Abil Proe \$187, 18 21 21 5, 1963 0 Daon Dev 420 940 Daton A \$1574, 241, 25 - 14 9400 Daton A \$1574, 241, 25 - 14 9400 Daton A \$1574, 241, 25 - 14 9400 Daton A \$1774, 2770 Dicknen B \$25, 1970 0 Daon A \$1774, 2785 0 Daon Dev 420 9400 Daton A \$1774, 2770 Dicknen B \$1, 1970 0 Daton A \$1774, 2785 0 Daon Dev 420 9400 Daton A \$1575, 241, 255 - 14 9400 Daton A \$175, 2770 Dicknen B \$1, 277	10s 11s -1s 250 Morr And St-1, 14s 14s	Clasco
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المُعلَّدُ ا مِن النَّصَلِ

riday May 24 1865

The state of the s

Plessey decline upsets equity market and index closes 10.7 down at 1,010.2

Account Dealing Dates
Option

*First Declara Last Account
Dealings thous Dealings Day
May 13 May 30 May 31 June 10
June 2 June 12 June 24
June 17 June 27 June 28 July 8

**New-time" dealings may take
place from 2.30 am two business days
earlies.

The announcement of three
further takeover bids whetted
speculative interest in London
stock markets yesterday, but the
FT Ordinary share index's
courrent flirtation with its alltime high was dealt a minor
blow by widespread falls in the
Electrical sector. Debenhams
again beld centre stage on hopes
of a counter to the Burton Group
offer, but opening business was
also highlighted by news of a bid
for GH and Duffus from Dalgety
and Hunterprint's move to
acquire Formdesign. Engby
Portland Cement later revealed
agreed terms for John Carr
(Doscaster).

Wall Street's failure overnight
to capitalise on its record run
made little impact on blue chip

Wall Street's failure overnight to capitalise on its record run made little impact on blue chip industrials in London. The undertone was basically firm prior to the receipt of disappointing annual results from electrical giant Piessey. News that profits were below recently downgraded market projections produced a wave of nervous selling, which spilled over to other leading stocks. Thorn EML a good market recently on takegood market recently on take-over speculation, ran back sharply, while Racal also came under pressure. In the mean-time, a cantious address by the BSR chairman at the annual meeting unsettled high techno-

logy issues.
Stores remained the most active area of the market with Habitat Methercare and Harris Queensway the strongest bene-ficiaries of the proposed Burton/ Deberhams merger. The market generally, however, drifted lower and in the after-hours' trade became noticeably nervous following revived weakness in Plessey. Analysts returned from a meeting with the group in a bearlsh mood and the price siumped to 144p before closing 26 down at 148p. Other Electrical constituents of the FT Ordinary share index followed and the combined losses were largely responsible for a closing fall of 10.7 in the measure to 1,010.2. following revived weakness in

excessive monetary expansion.
Opening indications for Giltedged were easier, but prices
later rallied to close with few
changes on the session.

cial Union hardened a few pence to 228p.

Young and Co featured Brewerles, rising 10 to 210p following the preliminary results. Bass, at 568p, and Waltbread, at 221p, both held their overnight levels after comment on the respective trading statements, while Allied Lyons, preliminary figures scheduled for next Tuesday, hardened a penny to 1950. Higsons were suspended at 177p, pending an announcement. announcement.

announcement.

Recently-firm leading Buildings wilted in the absence of further buying interest. Blue Circle gave up 8 to 550p on reports that the company was experiencing problems with its Indonesian cement operations, while Redland slipped 4 to 309p. Tarmac, however, remained a firm market and hardened a couple of pence more to 592n. couple of pence more to 592p.
On the takeover front, timber group John Carr (Doncaster) closed 3 higher at 91p, after 94p, following the agreed shares and following the agreed shares and cash offer worth some £65m from Rugby Portland Cement, 5 lower at 124p. Elsewhere, John Mowlem firmed 6 to 224p on talk that the company had been awarded a London dockland contract, but Walter Lawrence shed 4 to 210p following the chair-man's cautious statement at the annual meeting. French Kier, a strong market of late on news fall of 10.7 in the measure to 1,010.2.

Government stocks resisted the effects of a stronger dollar, lower U.S. bond prices and a warning that UK interest rates could remain high because of excessive monetary expansion.

Opening indication

market short of stock.

The Chemicals majors gave another subdued performance and closed with little alteration. Elsewhere, British Tar Products attracted further buying interest at 110p, up 3, while USM-quoted Medoa moved up 5 to 68p in a restricted market.

FINANCIAL TIMES STOCK INDICES

May May May May May year 23 22 21 20 17 16 ago ... 1010.2 1020.9 1020.2 1016.0 1008.3 1012.5 826.4 479.8 484.9 481.5 489.5 484.1 488.8 633,7 4.58 4.54 4.64 4.56 4.69 4.58 4.78 Total bargains (Est.) 25,597 27,086 24,281 27,136 24,479 26,740 21,681 Equity turnover £m. — 496,85 537.09 556.78 373.65 445.67 516,69 Equity bargains — 25,837 27,885 88,765 24,667 32,626 18,036 Shares traded (mi)... — 229.8 277.7 195.1 916.6 946.3 179.6 10 am 1020.5. 11 am 1021.1. Noon 1019.8. 1 pm 1018.2.

2 pm 1015.8, 3 pm 1015.8, Basis 100 Govt, Sacs. 15/10/26, Fixed Int, 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974. Latest Index 01-246 8026.

*Nil = 10.22.

HIGHS AND LOWS

S.E. ACTIVITY

	198	5	Since Co	mpilatn		May 32	May 21
	High	Low	High	Low	Daily Gilt Edged		
wt. Secs.	82,00 (18/4)	78,02 (28/1)	127,4 (8:1/85)	40.70	Bargains Equities	l	226,0
ced Int_	86,19 (22/4)	82,17 (28/1)	150.4	50.58 (8/1/75)	Bargains, Value 5day Average	1004.3	176.8 1085.6
dinary	1024.5 (22/1)	928,7 (3/1)	1024.5 (22/1(85)	100 10 140	Gift Edged Bargains Equities	168,2	153.4
kid Mines	836,9 (15(4)	439,5 (25/1)	784.7 (16/2/88)	45.5 (26/10/71)	Barcains		167.3 876,9

dary Stores and takeover capdidates were particularly popular. NSS Newsagents moved up 8 to 130p on bopes of a bid from Guinness, while Etam jumped 14 to 204p and J. Hepworth 10 to 224p. Sumrie firmed 8 to 60p and Austin Reed "A" gained 5 to 149p. Against the trend, Millets Leisure dropped 20 to 145p on news of the slashed final dividend and £0.4m annual

dividend and £0.4m annual deficit.
The currently-beleaguered Elec-Clearers go down

Clearing banks were neglected as investors: attention was directed elsewhere. Lloyds drifted down '14' to 578p and NatWest' 12 at 668p, while Esticated clays closed 5 lower at 385p. Midland ended 4 cheaper at 385p, after 385p; shareholders have approved the group's proposals to increase its stake in book followed wednesday's jump of 35 with a fresh improvement of 6 to a 1985 peak of 368p; prospects from BSR, which fell burton touched 509p initially, but reacted to finish unaltered at the currently-beleaguered Electrical sector received another shock following Plessey's preliminary results. Racal dipped 18 to 186p and STC fell 9 to 177p, while losses of 8 were marked against GEC, 184p, and recent speculative favourite, Thorn but reacted to finish unaltered at the currently-beleaguered Electrical sector received another shock following Plessey's preliminary results. Racal dipped 18 to 186p and STC fell 9 to 177p, while losses of 8 were marked against GEC, 184p, and recent speculative favourite, Thorn but reacted to finish unaltered at the counter burtout and the counter burtout and the counter burtout and the counter burtout at the counter burtout and the counter burtout

cluded Carelo. 28 dearer at 280p, and Spear and Jackson, 14 to the good at 158p.

Among Foods, J. Sainsbury encountered fresh offerings in the wake of the annual results and shed 6 for a two-day fall of 10 to 332p. Associated Dairies softened 2 to 154p, but Tesco improved that amount to 260p. Northern Foods hardened to 244p. Northern Foods hardened to 244p following U.S. acquisition news, but Banks Hovis McDongall shed but Hanks Hovis McDongall shed 3 to 156p on lack of support. Elsewhere, profit-taking in the wake of the interim statement left Pyke Holdings 22 down at 313p, Barker and Dobson rose 4 to 121p on a newsletter recom-mendation.

showed little alteration, but Reed International which is due to report preliminary figures on June 5 encountered further demand and put on 14 more to 584p. Metal Box, scheduled to announce annual results early next month, gained 13 to 415p. Elsewhere, further consideration of the half-year statement left Avon Rubber up 12 at 305p, while Office and Electronic rose 12 to 222p, after 225p on renewed speculative demand. Gomme Holdings, in contrast, dipped 8 to 36p on the objections raised by the Inland Revenue to the proposed refund from the group pension fund. Buying ahead of preliminary statements, due shortly, left English China 12 dearer at 342p. Among the current bid stocks, Brammer ran back 23 to 378p after the pre-

to acquire two industrial proper-ties valued at £900,000. In Shippings, British and Commonwealth eased 3 to 277p fol-lowing the results. P & O Deferred softened 2 to 373p, but Ocean Transport put on 5 to

502p. Elsewhere, Press comment on Habitat Mothercare's involvement in the proposed merger, and the benefits if the offer is successful, helped HM rise 16 to 400p, after 410p, while Harris Queensway advanced 16 to 254p, after 256p, on further consideration of the trading agreement it holds with Debenhams.

Considerable speculative activity took place among secondary Stores and takeover candidates were particularly popular. NSS Newsageuts moved up 8 to 130p on bopes of a bid from Guinness, while Etam jumped 14 to 204p and J. Hepworth 10 to 204p and J. Hepworth 10 to 204p Snarrie formed 8 to 850p.

a firm market throughout the day and eventually settled 4 better at 286p amid continued talk of an imminent bid and also reflecting rumours that the company has done well in the ninth round of North Sea oil licences. A basically neutral Press reception given to the first quarter results and persistent small selling saw Shell dip to 708p during the morning but subsequent. U.S. interest prompted a minor rally which left the shares only 2 cheaper on balance at 713p. Royal Dutch, quoted ex-dividend, ran back almost a point to £45½. BP closed 3 harder at 538p, after 533p.

Bellowhere in all the day of the company has delivered by the company has deliv

EUROPEAN OPTIONS EXCHANGE

16 -22

Jul.

TOTAL VOLUME IN CONTRACTS: 21,772

FI.440; FI.190; FI.190; FI.230; FI.230; FI.110; FI.110; FI.75; FI.180; FI.150; FI.150; FI.160; FI.60; FI.60

Elsewhere in oils, Ireland's Reed Int. good

The majority of the miscellaneous industrial leaders showed little alteration, but Reed International which is due

Elsewhere in oils, Ireland's but 1985 high of a equalled the 1985 high of the top of the day at 13p following news that Saxon Oil has acquired but 1985 high of the day at 13p following news that Saxon Oil has acquired but 1985 before closing unchanged on the day at 13p following news that Saxon Oil has acquired but 1985 before closing unchanged on the day at 13p following news that Saxon Oil has acquired but 1985 before closing unchanged on the day at 13p following news that Saxon Oil has acquired but 1985 before closing unchanged on the day at 13p following news that Saxon Oil has acquired but 1985 before closing unchanged on the day at 13p following news that Saxon Oil has acquired but 1985 before closing unchanged on the day at 13p following news that Saxon Oil has acquired but 1985 before closing unchanged on the day at 13p following news that Saxon Oil has acquired but 1985 before closing unchanged on the day at 13p following news that Saxon Oil has acquired but 1985 before closing unchanged on the day at 13p following news that Saxon Oil has acquired but 1985 before closing unchanged on the day at 13p following news that Saxon Oil has acquired but 1985 before closing unchanged on the day at 13p following news that Saxon Oil has acquired but 1985 before closing unchanged on the day at 13p following news that Saxon Oil has acquired but 1985 before closing unchanged on the day at 13p following news that Saxon Oil has acquired but 1985 before closing unchanged on the day at 13p following news that Saxon Oil has acquired but 1985 before closing unchanged on the day at 13p following news that Saxon Oil has acquired but 1985 before closing unchanged on the day at 13p following news that Saxon Oil has acquired but 1985 before closing unchanged on the day at 13p following news that Saxon Oil has acquired but 1985 before closing unchanged on the day at 13p following news that Saxon Oil

put on 25 to 700p.

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1 20.50 F1.441

2 12.50 F1.189

6 4.50 F1.221.20

6 6.50 F1.73

2 7.40 F1.181.56

2 7.40 F1.144.20

F1.62

14 4.50 F1.73

2 5.50 F1.73

14 4.50 F1.73

8 F1.68

Fr.6070
2.50 Ft.55.10
2.60 A
11
Ft.188.60
Ft.74.50
Ft.245.58

F1.221.20

vious day's jump on the offer from Bunzl but Energy Services rallied 7 to 113p. Sandhurst Marketing fell 6 to 71p following the preliminary statement. Clays 9 up at 280p and Sketchley Pleasurama, up 10 at 440p, provided an isolated bright spot in an otherwise featureless Leisure sector.

Two outstanding firm featuremented in Motors

vided an isolated bright spot in an otherwise featureless Leisure sector.

Two outstanding firm features emerged in Motors. Jonas Woodkead, recently favoured on hopes of a bid from IEP, the Australian and the Gold Mines index posted a 5.1 decline to 479.8. Bullion

emerged in Motors. Jonas Woodhead, recently favoured on hopes of a bid from IEP, the Australian group which has acquired a large stake in the company, jumped 10 to 46p, on the announcement that Parsons and Whittemore also hold a 5.43 per cent stake. T. Cowie, meanwhile, surged 6; to 65p on bid rumours.

Formdesign featured Paper/Printings, rising 18 to 178p in response to the bid of 180p per share from Hunterprint, unaltered at 253p. Among Newspapers. Associated jumped 30 to 950p.

Selective buying interest developed of second-line Property issues. Residential property developers Daejan firmed 5 to 430p, while Mountleigh moved up 15 to 330p. Regalian continued to attract support and gained 6 more to 126p, while Sheraton Securities hardened; to 17½p ahead of Tuesday's annual results. On the other hand, Dares Estates encountered nervous selling ahead of the delayed preliminary statement and fell 4 to 12½p. Phoenix Property rose 6 for a two-day gain of 10 to 62p, after 64p, following news that the company is negotiating to acquire two industrial properties valued at £900,000.

NEW HIGHS (111) NEW RIGHS (111)

BRITISH FUNDS (3)

AMERICANS (3)

BREWERS (3)

BREWERS (3)

BREWERS (3)

GHEMICALS (3)

STORES (17)

PLECTRICALS (3)

FOODS (4)

POODS (4)

INDUSTRIALS (17)

LEISURE (3)

MOTORS (4)

NEWSPAPERS (1)

PAPER (4)

PROPERTY (3)

PROPERTY (3)

PROPERTY (3)

PROPERTY (3)

PROPERTY (4)

PROPERTY (5)

PROPERTY (5)

PROPERTY (6)

PROPERTY (7)

OVERSEAST (7)

OVERSEAST (7)

NEWS (25)

Britannia Arrow, reflecting revived takeover hopes, edged forward 2 to 110p, after 111p. Elsewhere in Financials, Yorkgreen hardened a penny to 15p on the amended bid terms from Talbex, while M. and G. Group NEW LOWS (35) Burmah edge higher
Interest in Olls remained
focused on Royal Dutch/Shell
and Burmah Oil. The latter were
a firm market throughout the day Sthrm, Bus. Leasing BUILDINGS (1) STORES (1) ELECTRICALS (9)

WEDNESDAY'S

Burton
Debenhems
Gill & Duffus...
Thom EMI ...
Glexo
GUS A
Brk Aerospacet
DRG
Reckitt Colman
Read Ind
Whithread A...
Ass Brit Ports
Brammer
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+ Partity.naid 382 190 458 £123 832 227 175 548 570 221 286 401 +19 - 8 - 1 +16 +22 + 8 +14 +53 + 1

RECENT ISSUES

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۱-	495 11580	F.P.	16/6	93	194	Abbeyerest 10p	108	-1 -1	42.5	2.5	3.4	16.7
4	1125	E.P.	31/5	181	27 154	Do. Warranti ∯Aspen Comms, 5p		+4		- 1	, ,	- e
<u> </u>	172	F.P.	128/6	182	176	Asda Property 20p	, 180]		2.1	2.4	25,5
4	=	F.P.	! =	700	750 650	Banco de Blibac S.A., Banco de Santander.		1		$\equiv i$	=(=
-	¶185	iF.P.	3/5	1226	160	- Bedford (William)5:	168	i+2 i	n3,5	2.6	3.1	17,9
1	₹130 375	F.P.		180 253	100 224	Bingden inds	225	=	7.2 13.65	ì라	2-8	7.6
3	165	F.P.	31/5	175	168	#Clayform Props. 50	170		bg7.5	2.1	6.3	18.8
1	135 584	F.P.		136 103	190 96	Coloroli 10p	. 124	∷ ; :	bg4.6			
٠	200	IF.P.	31/5	300	260	Domino Print. Science	. 280	-18	u1,75	4.5	0.9	87.4
	\$117 \$300	IF.P.	151/6		120 370	플린ectron House 10g 출H'imes &Marcht10g	127		bg2.7	1.9	5.0	25.1
5	1129	F.P.		•				-	bg4.2			_
ė	115C	F.F.		205	165	-Huntleigh Tech Sp.,	,200		51.5		1,1	
. 1	100	F.P.	21/6		101	MartinCurria Pac.50p	101	ļi	! —	 - -	!	_
i	£28 £120	F.F.	14/6 7/6	30 180	145	≱Maxiprint 1p ∯Moorgate Group 5p	1180		0.8gd	5.8	1.6	<u></u>
3 (£113	EP.	29/5	119	114	- Norscot Hotels 50p.	114		_	i — i	i — I	' —
ī	110 £7,25		7/6 86/4	112 86	109 80	Persimmon 10p Plantation Tst	108		bg4.75	3.0	6.3	5.2
1	_	F.P.	<u> </u>	40	38	Do. Warrants	39			<u></u> j	_	<u> </u>
5	100 4175	F.P.	7/6			Prestwick 5p #Sherwood Com 10p			սՁ.1 62.75		3.0 2.1	
3	4175	F.P.	7/6 8/5		170	Sintrom 10p	180		ug 1.84	3.3	1.5	29.6
5	£120	F.P.	26/6	125	118	&Viewolan 5p	1120	1	u1.26	4.0	1.5	21.8
١.	130 168	F.S.	10/5 24/5	143	137 68	-Wayne Kerr 10p -Wyko Group 10p	143 68	+1	u1.5 b2.4	2.4	5.0	22.7 11.0
t		<u></u> -	;									

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		₹8	35,	High	Low		55	匚
١	=	F.P.	<u> </u>	85 107	100	'Anglo-East Pits. 1212% Une. Ln. 95-98 Bramail (C.D.) 153"Cnv. Une. Ln. 95/2005	84	ļ
	85 <u>.</u> 61	£80	19.6	314	25	intAm. Dev. Bk. 93, Ln. 2015	5012	-14
i	90,705		6/6	8 30%	85H	Malaysia 10% Ln. 2009	301a	-14
٠	=	F.P.	6/8	1004 100	357		100]	
	Ŧ	F.P.	6/6	108	106	Plantation Trst 7'22 cnv. Uns. Ln. 2980 Queens Most 72 Cnv. Rd. Prf	93 107	Ì
1	Ì	Nil	19/7	5pm 114	5pm 105	Russell (A.) 5.75% Cum. Cnv. Rd, Prf	5pm	į
1	49,895	£30	12/7			Spain(Kingdom of) 114% Ln 2010 Williams Hidgs,5% Cum. Cnv. Prf	3412	,—1 ₄
	77	F.P.	: = i	128	102	Do. 101 Cum. Pri	128	+2

RIGHTS OFFERS

lesue price	nount Jd up	Latest Renunc. date	198	6	Stock	Closing	 +
price	Ag.	CALCE	High	Low		_ <u> </u>	匚
195 200 150 350 28 66 66 615 295 26 70 120 222 210 150	NIII F.P. NIII NIII F.P. F.P. NIII F.P.	15/7 20/6 14/6 5/7 25/6 26/6 5/7 12/7 12/7 12/6 7/6 28/6 4/7 28/6	21pm 170pm 593 40pm 14pm 13pm 12pm 1360 1821 43 6pm 14pm 255 21pm 54pm	155pm 325 24pm 4pm 5pm 7pm 110pm 540 96 29 2pm 13pm 836 30pm	Anchor Chemical. Bank of Soutland £1 Barelays £1 Beazer (C.H.) 70p Brit. Empire sec. & Gen. 5pl '&Grossenor Square £10p Lon. & Northern Low (Wm.) 20p Mernec 10p Mattonwide Leisure Mewman Inds. 10p '&Rivlin (I.D.S.) 5p Tesco 5p Tesco 5p The Times' Vencer	168pm 386 24pm 1epm 13pm 13pm 355 42 6pm 14pm 255 21pm	-2 -5 +12 +12 -5 +1 -1 +1

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate peld or payable on part of capital, cover based on dividend on tull capital. g Assumed dividend and yield. u Forecast dividend cover dated on pravious year's earnings. F Dividend and yield based on prospectus or other official estimates for 1884. D Gross. p Pence unless otherwise indicated. I issued by tender. I Officed holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. I issued in connection with reorganization marger or takeover, and Allotmann letters or fully-paid. II introduction. §§ Unlisted Securities Market. § Plecing price. T Figures sesumed. †† Official London Listing. It Dealt in under Rule S35(3).

RISES AND FALLS

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Industrials 285 276 891 Financial and Prop. 80 113 355 Oils 11 31 84 Plantations 2 1 14	ritish Funds	9	62	36
Industrials 285 276 891 Financial and Prop. 80 113 355 Olis 11 31 84 Plantations 2 1 14	orons, Dom. and			
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Plantations 2 1 14			31	84
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	ines	27	63	90
Others 87 48 97		87	49	97

First Last Last For Deal- Deal- Declara- Settle ings ings tion ment May 20 June 7 Aug 29 Sept June 10 June 21 Sept 12 Sept 1 June 24 July 5 Sept 26 Oct For rate indications see and

cluded Inter City, Plessey,
Premier Consolidated, Access
Satelite, Cariton Communications,
Phoenix Timber, Astra Industrial,
French Kier, Sarasota, Telemetrix and Weir Group. Dares
Estates were dealt in for the put,
but no double options were Interest. but no double options were re-

ACTIVE STOCKS

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	Above average activity	WAS T	oted in
	the following stocks ye	sterday.	
	did tollowing attent to	Closina	Day's
	Stock	price	change
	BSR International	90	-27
	Burton	502	_
		91	+ 3
e -	Carr (John)		
	Cowie (T.)	65	+ 612
ıŧ	Debenhams	368	+ 6
: 9	Habitat Mothercare	400	+16
			+ 6
23	Phoenix Prop	62	
: 7	Plessey	148	26
	RHP	110	+ 75
of	nnr		- 5
υ,	Rugby Port Cement	124	
	STC	177	- 9
iw.	Woodbood (13	46	+10

Pertly-paid	12	22	5 +	- 1	St	ocks	dealt i	n for the ca	li in-	Wood	ihead	(J.)		46	+
			1	LON	IDO	N 1	RAI	DED OP	TIO	NS					
			ALLS		•	PUTS	_			C	ALLS.		<u></u> -	PUTS	
Option		Jly.	Oct.	Jan.	Jiy.	Oct	Jan.	Option		May	Aug.	Nov.	May	Aug.	Nov
8.P. (*556)	460 600 650	90 52 32	105 68 35	82	4 5 25 65	7 14 55 70	17 37 75	Imperial Gp. (*190)	160 180 800 820	32 12 11 ₉ 01 ₉	39 24 14 6	27 18 9	1 1 12 31	8 6 16 33	9 19 36
Cons. Gold (*542)	460 500 550	97 57 29	1107 78 37	80 50	3 9 26	7 16 40	94 47	LASMO (*301)	293 325 353 383	8 2 1 01 ₂	35 23 13 4	40 28 20 12	3 25 55 85	12 35 57 85	17 37 60 85
Courtauids	130 140	19 18	18 24 18	27 26 21	70 3 4	BO	5 11 20	Lonhro (*17 9)	140 160 180 200	40 20 3 01 ₂	44 25 111 ₂ 5	28 16 —	012 034 4 22	2 31 ₂ 10 26	6 14
Com. Union (*228)	200	53 38 20	55 40 26	12 48 36	17 8 4 10	19 4 8 15	100	P. & O. (*876)	300 330 360 390 480	77 47 17 8	87 57 40 20 8	67 47 27	04 1 20 48	2 4 9 28 48	8 17 30
G.E.C. (*188)	180 200 220 240	16 8 3	18 30 15 8 —	36 28	19 16 34 54	8 16 34	26	Racal (*194)	190 200 220 240 260 280	16 4 1 01 ₂ 01 ₂	28 15 6 3	36 22 13 —	2 9 98 48 68 88	5 14 28 49 68 88	8 18 52 —
Grand Met. (*305)	280 300 330	35 22 7	43 50 14	1 52 40 17	27 27	7 15 32	10 18 37	RT2. (*611)	600 550 700	14 11 ₂ 1	48 23 9	57 32 18	4 45 95	17 50 97	26 57 100
1.C.l. (*754)	700 750	77 58	87 55	102 70	20	16 32	22 40	Vaai Reefs (*894)	90 90 100	141g 61g 034	111	211g 151g 91g 51e	01s 03s 71s	7212 1212 1916	16 21

148)	140	15	18	21	.4	9 19	11 20		200	012	6	<u> </u>	22	26	
. Union 228)	180 200 220 240	53 38 20 10	55 40 26	49 36 25	5 4 10	4 B 15 25	10 18 26	P. & O. (*876)	300 330 360 390 480	77 47 17 8	87 57 40 20 8	67 47 27	014 1 20 48	2 4 9 28 48	8 17 30 —
i.E.C. 188)	180 200 220 240	16 8 3	50 15 8	36 22 —	5 16 54 54	8 16 34	9 29 —	Racal (*194)	200 220 220 240 260 280	16 4 1 01 ₂ 01 ₂	28 15 8 3 1	36 22 13 —	9 98 48 68 68	5 14 28 48 68 88	18 52 —
nd Met. 305)	280 300 330	35 22 7	43 50 14	68 40 17	4 9 27	7 15 32	10 18 37	RT.Z. (*611)	600 650 700	14 11 ₂	48 23 9	57 32 16	4 45 95	17 50 97	25 57 100
.C.I. 754)	700 750 800 850 900	77 38 14 6	87 55 80 17	102 70 46	6 20 52 100 147	16 32 62 106 155	22 40 73	Vaal Reefs (*894) Ex. 10%1989 (*295)	90 100 110	141 ₂ 61 ₂ 03 ₄ 03 ₂	19 11 61 ₂ 31 ₄	211g 151g 91g 51g		3½ 7 12½ 19½	94 16 214
1 Sec. 297)	280 300 530	21 9 3	27 17 8	38 26 14	4 10 37	5 14 37	8 16 39	(2005)	92 94 95 98	3 0 0 0	5 178 178 016	4 t 2 tg	0± 0± 11 ₈ 31 ₈	016 04 14 818	04 01 11 —
ks & Sp. •142)	120 130	25 16	50 21	26	2	5	7	Optio	on n	June	Sept	Dec.	June	Sept.	Dec.
	140 160	7 2	13	18	7 23	10 26	28	STR (*378)	330 360 390	55 28 15	65 38 35	75 52 58	2 6 28	6 15 25	8 23 35 ;
Trans. (*710)	600 660 700 750 800	128 78 37 13	95 58 50 0	73 40	8 15 43 90	10 22 50 95	27 55	Beecham (*356)	330 360 390	35 14 8	45 25 9	50 53 14	4 15 37	20 40	10 28 45
gar Hse 367)		48	56	55	2	6	 	8ass (*569)	550 600	70 27 7	87 47 25	100 60 37	15 40	22 47	9 92 52
-201)	353 360 383	26 7	34 18	35 —	10	13 25	21 -	De Beers (*\$5,45)	490 460 600 560	158 89 61 24	153 118 88 45	133 103 68	3 8 22 38	9 18 32 55	30 45 70
Option	;	May	Aug.	Nov.	May	Aug.	Nov.	(*\$21) GKN	180 200 220 240	54 34 17 6	60 40 25 11	50 18	2 6 16	2 5 9 19	11 22
(T Inda, (*318)	300 330 360 390	20 2 1 1	40 20 9	50 33 17 12	2 15 45 75	9 20 48 77	14 27 50 77	Hanson (*252)	187 200 220 240	49 39 22 9	53 41 80 17	52 36 21	11 ₂ 3 5 17	2 6 10 22	7 14 27
rciays •387)	286 355 385 436	105 65 7	110 60 83	68 35 15	1 1 8 52	8 6 84 57	10 35 62	Japuar (*279)	280 300 350 360	17 6 3	26 144 517 3	38 27 15	12 28 54 84	22 32 64 84	84 37 65
Aero 100)	390 420	[=]	80 17	45 25	=	27 58	15 33 67	Tesco (*260)	216 236 256	47 28 14	65 35 23	57 40 27	112 4 15	3 8 18	11 42
Telecom 154)	100 110 120 130 140	541g 441g 341g 241g 141g	571e 471e 571e 29 211e	12 431 ₂ 36 281 ₆	54444	1 1 1 2 51 ₂	1 1 5 61 ₈		1175 1200 1250 1300 1350	166 130 80 45 16	160 103 68 85	180 85 55	2 4 8 20 48	12 23 43 75	45 66 92
	160 180	1 = 1	1012	17	74	13 28	14 29	May 25. Tot	el cont Ur	racts 9 deriyi	,510 (ng seci	Calle 7 urity p	,100. rice.	Puts 2	,410.

FT-ACTUARIES SHARE INDICES the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS		Thu	r May	23 19	985		Wed May 22	Ties May 21	Mon May 20	Year ago (appres.)
Fi	jures to parentheses show number of stocks per section	index No.	Day's Change %	Est. Earnings Yield % (Mazz.)	Grass Dis. Yield% (ACT at 30%)	Est. P/E Radio (Het)	ज की. 1985 to date	ladex No.	ladex No.	index He.	Index No.
1	CAPITAL 600DS (205)	554.19	-1.6	10.14	4.05	12.38	7.11	563.42			486.28 477.12
ŽΙ	Building Materials (23)	544.54	-0.4	22.23 13.67	4.74	18.01 9.90	16.49	546.69 772.30	546.84	538.50 759.45	683.32
3]	Contracting, Construction (29)	769.60 1526.62	-6.3	10.26	535 477	12.31		1526,75		1504.35	1588.81
4	Electricals (15)	1548.75	-49	9.51	35	13.54				1641.24	
5	Electronics (37)	314.83	+0.2	19.18	438	12.05		334.26	315.71	312.71	243,88
8	Metals and Metal Forming (7)	198.27	+8.6	12.53	7.57	9.99	3.71	197.01	198.14	196.71	183.55
و	Motors (17)	165.43	+0.1	13.34	5.09	9.27	3.09	165.19		164.10	131.31
30	Other Industrial Meterials (17)	1002.74	-0.1	7.07	3.14	17.00		1003.83			659.53 588.18
21	CONSUMER GROUP (177)	670.09		9.54	3.76	12.92	6.86	679.13 696.15			512.51
22	Brewers and Distillers (23)	607.78	+0.3	11.20 12.20	4.52 4.77	10.51	3.72 9.54	511.59			388.04
25	Food Manufacturing (20)	509.69 1686.42	-0.9	5.43	2.46	24.52		162636		1607.77	1151.77
25 27	Food Retailing (13) Health and Household Products (9)	1067.60	+8.6	iii	244	19.06	5.75			1951.71	773.39
29	Leisare (23)	691.82	-0.7	854	4.76	1525	12.59	696.78		690.42	624.66
32	Newspapers, Publishing (12)	1997.77	+0.8	6.62	4.20	19.49	32,34	1793.91			1307.87
33	Packaging and Paper (14)	328.78		11.68	3.98	9.84	2.30	325.27			244.01 458.11
34	Stores (41)	657.25		7.41	311 458	18.17 7.24	5.66 3.78	656.23 335.00			285.71
35	Textiles (19)	334,11. 843,89	-03 -03	15.55	5.06	(G)	17.44			845.50	572.52
36	Tobacces (3)	711.21	-85	8.53	344	14.78		714.75			451.12
41 42	OTHER GROUPS (96)	754.99	-0.4	13.72	4.87	9.00	14.95	759.85		755.21	564.65
44	OB 5	186.68	-1.8	7.04	4.50	17.5%	3,52	188.59			121.30
-6	Shipping and Transport (12)	1281.51	+0.2	6.27	4.61	20.48	22.83	1200.51		1195.13	858,82
46	Miscellaneous (63)	873.04	-0.4	6.93	3.30	17.77	630	896.68	893.31 893.93		603,75 8.0
48	Telephone Networks (2)	885.10	-0.7	75	3.64	17.26		891.12 662.43			490.18
49	INBUSTRIAL EROUP (483)	658.74	-0.5	3.0	3.86	_===	577		1181.94		1118.58
51	Oils (17)	1176.44	+0.2	15.71	7.87	7.82	37.58			-	542.89
59	500 SRARE INDEX (500)	702.25	-0.5	20.26	4.29	12.10		705.49			360.29
61.	FINANCIAL GROUP (114)	474.23	-03	16.46	5.27 7.34	8.67	231 11.71	475.69 478.70			354.29
62	Banks (6)	470.99 736.29	-1.6 -0.4		4.6		147				458,59
65	Insurance (Life) (8)	356.26		=	5.48	<u> </u>	8.53	353.30	354.37	355.40	268.63
66 67	Insurance (Composite) (7)	1150.39		7.75	3.58	17.35			1132.67		730.06
68	Merchant Banks (11)	232.46	-6.9	١ —	4.16	J	1.22				219.26
69	Property (50)	642.93	+83	5.73	3.51	25.51 14.54	3.28 4.78	641.18 290.30			544.99 239.55
70	Other Financial(25)	289.32	-83	129	3.34	10.39	5.96				479.79
71	Investment Trusts (106)	608.05	-8.5	11.01	5.45	20.63	5.29				285.96
81	Mising Finance (4)	290.84 676.28	+8.2	3.43	6.28	12.98	12.19	1	,		545.76
91	Overseas Traders (14)	648.34	-0.4		443	-	8.80				496.61
99	ALL-SHARE IMBEX (738)	 		Day's	Day's	May	May	May	May	May	Year
		Index No.	Day's Change	High	Low	22	21 .	20	17	16	ago
	FT-SE 100 SHARE INDEX	1325.3	L -8.5	1332.1	1325.3	11333.5	Littl	1 1530.5	1.527.A	11301	10137
	FIXED INTER	EST			AYER	AGE GR	ess Yield		That May	Wed May	. Year

IMBICES	28	%	22	,	to tate	2 (Chipons 15 years
British Government	-	F	.	i .	1 1	72 07 11 06 11 56
1 5 years	117.27	-8.05	117.33	i —	4.52	5 Coupons 15 years
2 5-15 years	128.62	-0.04	124.64	! —	5.07	7 High 5 years
3 Over 15 years	135.67	-8.87	135.14	} <u> </u>	3.47	8 Cosposs 15 years 11.21 11.29 11.72
- 1	143.60		144.07	l	6.07	9 5 years
h '	1			<u>, </u>		10 Irredeenables
5 All stocks	127.55	-0.05	127.42	<u> </u>	4.70	11 Dels & 5 years 12.12 12.15 12.33
				1		12 Leans 15 years 11.83 11.77 12.08
6 Schesteres & Laure .	100.22	-0.15	166.5%	<u> </u>	5.06	13 25 years 11.64 11.63 11.95
7 Preference	77.89	-6.06	77.53		3.01	
			BRITIS	N COVE	HMENT	INDEX-LINKED STOCKS

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues, A list of constituents is variable from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

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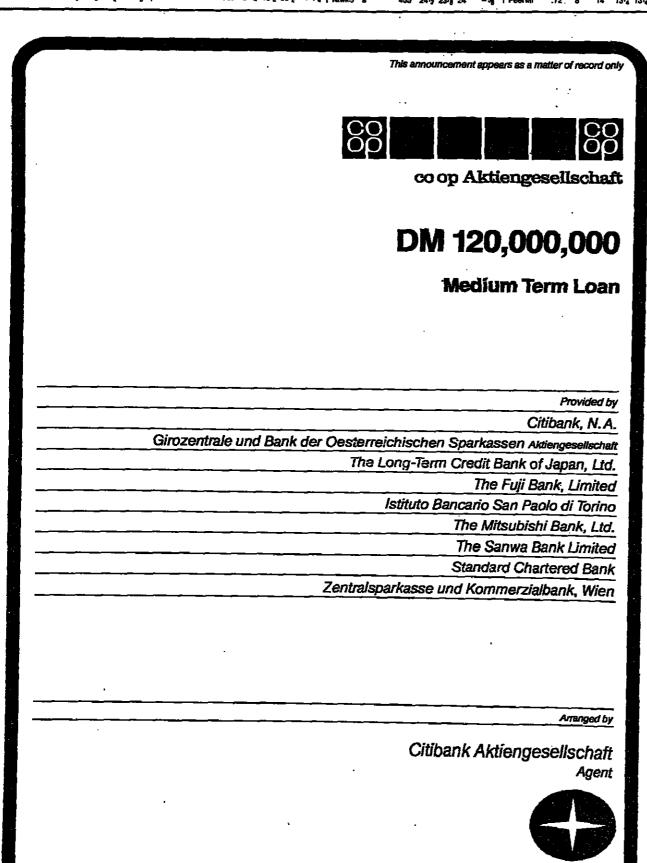
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WODID STOCK MADETS

		WORLD STO	CK MARKETS	
OVER-THE- COUNTER	Stock Sales High Law Lest Chap Smock Smock	Safet High Low Last Ching Stack Sales High Low Last Ching Hinds	NEW YORK 100W JOHES	May May May May 19/80 Low
Continued from Page 34 Hinffit 1/3 129, 129, 129, 149, 149, 149, 129, 129, 129, 129, 129, 129, 129, 12	KLA	318 5 476 5 476 5 476 5 476 5 476 5 476 4 4 4 4	May 23 22 21 20 16 15 15 15 15 15 15 15	AUSTRALIA Ali ord.(1/1/80) 887.4 \$88.2 \$88.1 \$904.5 \$94.5 (20/6) : 715.6 (7/1) Metals & Minits. (1/1/80) \$80.5 \$92.5 \$74.1 \$565.6 \$95.8 (20/6) : 2265.6 (7/1) AUSTRIA Credit Aktien (2/1/82) \$8.81 \$5.03 \$9.86 \$94.47 \$95.01 (25/5) \$58.21 (24/1) BELGIUM BRUSSELS (1/1/89) \$2276.99 \$2258.85 \$2255.78 \$2236.51 \$2310.85 (13/8 2069.7 (16.1)
HrznAkr 71 65g	Kentop 1.80 807 5812 5812 5812 - 3,4 MedolSt Kentop 13 412 414 415 MedolSt MedShp KyChil 90 222 413 4114 115 Keven 5 2 574 584 - 1,4 MedolSt Keven 2 4 6 534 534 - 1,4 Medol 5 Keven 6 2 4 6 534 534 - 1,4 Medol 5 Keven 1 1 14 221,2 12 221 4 15 Mercisk Mercisk Medol 5 Mercisk Merc	100 8 57 6 -1 8 AckOG 10 11-1611-1615-16 8 347 111-2 1034 111-2 +1 2 132 32 33 4 5 41-5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	Tracking vol	DERMARK Copenhagen SE (8/1/88) (u) 1 190.56 189.85 (u) 182,78(24/4) 156.54 (6/1) FRANCE CAC General (31/12/82) 226.4 226.1 226.8 221.8 226.4 (28/5) 180.3 (3/1) Und Tendance (28/12/84) 126.5 184.2 124.2 126.2 126.6 (28/5) 180.1 (3/1) GERMANY FAZ Aktien (31/12/58) 442.85 455.25 455.85 457.96 442.85(25/5) 182.2 (6/1) Commerciaent (1/12/55) 1294.6 (28/5) 1294.6 (28/5) (111.6 / (6/1))
Hyporox 1 7/5 7/5 7/5 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	Kembrik 13 514 514 514 14 14 14 14	1 534 634 634 + 14 NOAMER .017 65 912 918 912 + 14 1.70 9 4312 4314 4312 + 14 1.20 3 5214 5212 5212 - 14 1.20 3 5214 5212 5212 - 14 1.20 3 5214 5212 5212 - 14 1.20 3 521 531 34 34 34 34 34 34 34 34 34 34 34 34 34	May May 23 21 20 16 15 1885 Since Completion	HONG KONG Hang Seng Bank(\$1/7/60) 1617.58 1959.64 1812.22 7838.47, 1847.88(17/6) 1228.74 (2/7) TTALY Banoa Comm Ital. (1979) 529.01 519.84 518.74 \$17.46 \$20.01(\$2/5) 228.58 (2/1) JAPAN** Nikkel-Dow (18/6/48) 12949.1: 12978.8 (12956.57 12555.71 12893.5(3/4) 11845.2 (5/1) Tokyo SE:New (4/1/65) 991.82 995.59 991.22 586.07 806.96(22/5) 916.94 (4/1)
Cot 638 57 ₈ 57 ₅ 57 ₆ 616 646	LDBriffs 509 8tg 75g 75g +1g Meetrn LN 106 135g 131g 131g Meetrn LSI Ltg 127 191g 191g -1g Meetrn LSI Log 2629 151g 141g 15 LTX 363 14 131g 133g -1g LaPete s 277 151g 143g 151g -1g LaPete s 277 151g 143g 151g 41g +1g LaC By 1.40 8 431g 431g 431g +1g LacidSt 252 1 201g 201g 201g 201g 201g 201g 201g 2	33 13 124 124 124 124 124 124 124 124 124 124	Ind Str yield %0	NETHERLANDS ANP-CBS General (1970) 209.5 299.8 298.5 287.5 215.8 (8.5) 185.8 (3/9 ANP-CBS indust (1878) 189.9 170.2 170.7 178.5 175.2 (7/5) 147.8 (3/1) NORWAY Oslo SE (4/1/85) 585.11 589.57 241.52 586.75 445.8 (8/2) 298.18 (2/1) SINGAPORE Straits Times (1986) 828.99 122.45 825.58 828.96 852.65(7/8) 764.86 (18/1) SOUTH AFRICA JSE Gold (28/8/76) - 1074.5 1968.5 1968.9 1148.8(15/6) 638.1(11/2) SE Indust (28/8/76) - 878.7 980.1 980.1 970.7(22/5) 7787.1 (7/6)
Interint 20 34 1314 13 134 hriofiss 683 2634 2615 2651 15 34 134 14 15 15 15 15 15 15 15 15 15 15 15 15 15	Lamps 193 . 1979 194 194 -19 McGrSm Lamps 2915 1014 10 1014 Lamps 88 296 16 15 16 +14 Lamps 88 296 16 15 16 +14 Lamps 89 2912 2914 2914 -15 Lamps 92 190 2912 2914 -15 Londs 32 25 10 914 914 -16 Londs 35 1372 1374 1374 Lamps 95 1372 1374 1374 Lamps 95 1372 1374 1374 Lamps 97 774 775 775 Lamps 78 78 78 775 Lamps 78 78 78 78 78 Lamps 78 Lamps 78 78 Lamps 78 L	181 38 3 3 3	1,103 315 416	JSE Gold (28/8/76) - 1074.8 1088.9 1088.9 1148.8(15/4) 688.1(11/2) JSE Indust (28/8/76) - 1074.8 1088.9 1088.9 1148.8(15/4) 688.1(11/2) JSE Gold (28/8/76) - 1074.8 1088.9 1088.9 1148.8(15/4) 688.1(11/2) SPAIN SPAIN 111.25 111.36 119.77 110.67 -117.41(4/2) 101.48 (2/7) SWEDEN 28 (28/12/64) 111.25 111.36 119.77 110.67 -117.41(4/2) 101.48 (2/7) SWEDEN 38 (11/2) 1188.8(11/2) 1801.86 (2/1) SWITZERLAND SWESSANK Opn.(31/12/55) 484.7 484.5 485.2 482.5 485.2(21/6) 386.7 (3/7) WORLD Capital Intl. (1/1/76) - 211.8 212.2 212.2 212.8(26/5) 184.5 (4/1)
Intech	Lexicon 456 31g 24 215-16-3-16 Mischer Lexicon 456 31g 24 215-16-3-16 Mischer Misc	17 14 14 14 OldFish 2 472 472 474 + 13 OldFish 2 472 472 474 + 14 OldFish 5 -1 168 29 251 2534 - 14 172 103a 97a 1074 + 14 OldFish 5 -2 5 53 53 53 53 2650 105a 107a 105a + 14 OldFish 5 -74 40 327a 327a 327a 377a 478 OldFish 6 50 4 55 60 + 14 OldFish 2 08 20 2534 26 28 -28 -4	Harrist-Pack	** Saturday May 18: Japan Nikks)-Dow 12,516.14. TSE 982.93. Base value of all indices are 100 except JSE Gold—255.7. JSE: Industrial—284.3. and Australia. All Ordinacy and Nietals—500. NYSE All Common—50: Standard and Poors—10: and Toronto Composite and Metals—100. Toronto indices based 1975 and Montreel Forticito 4/1/83. † Excluding bonds. \$ 400 industrials plus 40 Utilities. 40 Financials and 20 Transports. c Closed.
httr#ir	Little 70 1 231 231 231 + 14 Morky Locale 0.35 634 42 400 42 + 11 MCSB Locale 0.79 223 171 171 171 - 14 Morren Locale 0.79 223 171 171 171 - 14 Morren	1.30 59 331, 323, 324, 234, 234, 235, 236, 236, 237, 237, 237, 237, 237, 237, 237, 237	Stock Sales High Low Last Cheg Sanck Sales High Low Last Cheg Hinds PegGld .06t 411 934 956 934 Panniva 1.60a 18 4712 4712 -14 Panniva 2.20 1 334 334 334 -14 Penniar 1.60 828 25 243 25 +12 Penniar 1.60 828 25 243 25 -12 Penniar 1.60 101 101 101 -14 Penniar 1.60 101 101 101 101 101 Penniar 1.60 101 101 101 101 101 Penniar 1.60 101 101 101 101 101 101 Penniar 1.60 101 101 101 101 101 101 101 Penniar 1.60 101	Stack Sales High Low Lest Dang Stack Sales High Low Lest Chang [Hads] [Hads] Stack Sales High Low Lest Chang [Hads] Stack Sales High Low Lest Chang [Hads] Stack Sales Sal
IntShip 13 221g 22 221g + 1g TCp s 806 211g 191g 201g + 3g Int Total 234 73g 63g 63g - 3g Intiplace 2 41g 41g 41g + 1g Intorn 23 32 145g 145g 141g Invare .01e 68 41g 4 4 - 1g InvatSL .06e 81 53g 51g 51g - 3g	Lypno a	.64 138 241, 234, 234, -1,	PacE pf 2.64 1 18 18 19 -2 2 2012 2012 -12 2 2012 2012 -12 2 2012 201	TSR s 173 12tg 12 12 - tg TacViv s 68 8'g 65 63 + tg TacViv s 68 8'g 65 63 + tg Tacdon 1467 5tg 47g 21tg - 1tg Tandon 1467 5tg 47g 47g - tg Tchnel s 3 64 65 83 4 tg Tchnel s 3 64 65 83 4 tg Tchnel s 03 7 7tg 7tg 7tg Tchnel s 03 7 7tg 7tg 7tg Tchnel s 03 7 7tg 7tg 7tg Tchnel s 1833 305 305 305 30tg - tg Tchnel s 1834 10tg 10tg 10tg - tg Tchnel s 1834 10tg 10tg 10tg - tg Tchnel s 214 14 12tg 12tg - 1tg Tchnel s 215 15 15 - 3g Tchnel s 1354 10tg 10tg 10tg - tg Tchnel s 1354 10tg 10tg 10tg 10tg - tg Tchnel s 1354 10tg 10tg 10tg 10tg - tg Tchnel s 1354 10tg 10tg 10tg 10tg - tg Tchnel s 1354 10tg 10tg 10tg 10tg - tg Tchnel s 1354 10tg 10tg 10tg 10tg - tg Tchnel s 1354 10tg 10tg 10tg 10tg - tg Tchnel s 1354 10tg 10tg 10tg 10tg - tg Tchnel s 1354 10tg 10tg 10tg 10tg - tg Tchnel s 1354 10tg 10tg 10tg 10tg - tg Tchnel s 1354 10tg 10tg 10tg 10tg 10tg - tg Tchnel s 1354 10tg 10tg 10tg 10tg 10tg 10tg 10tg 10tg
Somdox 421 1014 10 10 -14	MGC	## Adv	Primmeds .08e 682 1812 1614 1514	Tethon .01e 40 207 ₂ 201 ₄ 201 ₂ 201 ₄ 201 ₅ 201 ₄ 201 ₅ 2
Jinnani: 12 51, 5 51, JoneV s .10s 91 45, 47, 45, +5, JoneV s .24 65, 67, 67, Jonel A s 324 64, 65, 65,	MARC 289 184 1814 1815 -14 Multind Mylan S 1874 17 7 7 MrS Bc 1 47 38 36 38 +2 Magner Machite 15 5 5 5 5 Magoo S Machite Machite 15 5 5 5 Magoo S Machite 15 5 5 5 Magoo S Machite 15 5 5 5 Magoo S Machite 15 15 15 5 5 Magoo S Machite 15 15 15 15 15 Machite 15 Magner 16 Magner 16 Magner 16 Magner 16 Magner 16 Magner 16 Magner 17 Machite 17 Machite 17 Machite 17 Magner 18 Magn	1.00 2 2 2 2 2 2 2 2 2	Penglid	Thorin 1004 1014 1014 1014 Thorin 2014 Thor
	·	This announcement appears as a matter of record only	Powell 337 3's 27's 24's 24's 24's 24's 24's 24's 24's 24	Totisy s 13 20 194 1974 - 4



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0.77 110.67 -117.41(4/2) 101.48 (2/1) 6.85| 1417.56| 1486,88(11/Z)|1881,98 (2/L 55,2 452.5 455,2(21/5) 388,7 (5/1) 12.2 212.2 212.6(28/5) 184.6 (4/1) Dow 12,516.14. TSE 982.93. Shelding Short City Shelding S Prison
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FT COMMERCIAL LAW REPORTS

Compensation claim must be brought within six years of damage to cable

YORKSHIRE ELECTRICITY BOARD v BRITISH TELECOMMUNICATIONS PLC
Court of Appeal (Sir John Donaldson, Master of the Rolls, Lord Justice Purchas and Lord Justice Robert Goff): May 22 1985

by one statutory body on the property of another during the course of works lawfully carried out under the street, the six-year limitation period during which the owner may claim compensation begins to run from when the damage actually occurs and not from when the costs of repair are

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The Court of Appeal so held when allowing an appeal by British Telecommunications PLC ("BT") and P. Igoe and Son ("Igoe"), defendant and third party tespectively in an action by the Yorkshire Electricity Board ("the Board"), from Mr Justice Glidewell's decision on a preliminary issue that the claim was not time-barred.

Section 26 of the Public Utilities Street Works Act 1950 provides: "Operating undertakers shall pay to owning undertakers compensation equal to the expense reasonably incurred by the owning undertakers of making good damage to apparatus of theirs... which is caused by the execution lawfully of works... of the operating undertakers, (7) Obligations and liabilities imposed on operating undertakers by the preceding provisions... shall be in addition to, and not in substitution for, obligations and liabilities to which they are subject..."

* * LORD JUSTICE GOFF, giving the judgment of the court, said that the Board owned two 33,000 volt oil-fired insulated sheathed

taker was in fact incurred by

of that basis he decided that although the Board's alternative claim in tort was time-barred because damage to the apparatus had occurred more than six years before issue of the writ, its claim

faults was discovered in May 1978. In August the damage was made good at a cost to the Board of £6,581. The present proceedings were issued on May 4 1978. See the paid equal to a cost reasonably incurred, different language was used in the statute [see sections BT had claimed to be indemnified by Igoe as third party against the Board's claim.

The presence of the 1950 and the paid in respect of damage, but that money be paid equal to a cost reasonably incurred, different language was used in the statute [see sections 5(4) (b), 7(3)(5)(6), 8(4), 10(1) (2), 27(2), 28(6)].

The purpose of the 1950 Act was to enact uniform provisions for regulating relations between authorities, bodies and persons with statutory powers to place and deal with apparatus in streets.

Continue 26(5) of the Act and

taker which was absolute, but which was restricted in point of

That construction was re-inforced by another consideration. The statute expressly con-templated, in section 26(7), that

volt ofl-fired insulated sheathed cables three feet beneath the surface of a road in Leeds.

Between February and July 6 1971, Igoe, an independent contractor engaged by BT, installed two ducts on a line crossing the Board's cables.

Those works constituted "undertakers' works" in respect of which BT was an "operating undertakers" compensation equal to the expenses reasonably incurred. ..."

It was significant that the subscition for what? The answer was to pay "compensation." Compensation to pay "compensation." Compensation." The precise of the works the subsection — compensation in respect of the apparatus.

Furthermore, liability so make compensation with the absolute but restricted liability to pay compensation to pay compensation to pay "compensation." Compensation to pay "compensation." Compensation to pay "compensation" the apparatus.

Furthermore, liability to make compensation might arise under the Electric Lighting (Clauses) Act 1899, the Water Act 1945, likewise arose when the damage arose when the damage arose when the damage arose when the damage in the proviso to pay to pay compensation to pay compensation to pay compensation to pay compensation the same damage might co-exist with the absolute but restricted liability to make cause of action in respect of

was caused to the relevant apparatus. It would be strange if Parlia-

ment, when enacting the statu-tory cause of action under sec-tion 26(6) should have contem-plated that the date of accrual should be different from that of Practical considerations also supported the preferred construction. For example, the operating undertaker, having been rendered absolutely liable

Section 28(6) of the Act provided that operating undertakers "shall pay to owning undertakers takers compensation equal to the expense reasonably incurred ... of making good damage to the expense reasonably incurred ... of making good damage to ... of making good ... of making good damage to ... of making good damage to ... of making good damage to ... of making good ... of making good ... takers compensation equal to the expense reasonably incurred one to pay compensation [see to pay compensation pay comp

providing that the cause of action accrued when the damage occurred, even though it was not possible for the owning under-taker to quantify his damage until a later date. That could often occur in other parts of the

templated, in section 26(7), that other liabilities on the operating undertaker in respect of the same damage might co-exist with the absolute but restricted liability to pay compensation under section 26(6).

One of those possible liabilities might be in negligence; and the cause of action in respect of such liability arose, of course, when the damage was caused to the apparatus.

For those reasons the Board's claim to compensation became date when the damage was caused to the apparatus, at the latest on July 6, 1977. That was nearly a year before the issue of the writ on May 4, 1978. The appeal would therefore be allowed.

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For those reasons the Board's claim to compensation became claim to compensation the claim became claim to compensation the claim became claim to compensation the claim became claim became claim to compensation the claim became For those reasons the Board's

For BT: Christopher Bathurst QC and Nicholas Underhill (P. G. Ashcroft, Solicitor, British Telecommunications PLC). For Igoe: John Samuels QC and Caroline Budden (Willey Horstone Leeds) Hargrave, Leeds). By Rachel Davies

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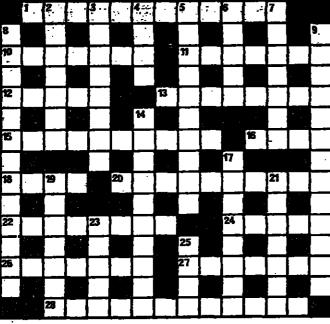
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F.T. CROSSWORD PUZZLE No. 5,726



ACROSS

- 1 Description or Latin as beyond words? (4, 8) 10 Fashionable directorate inside Hull? (7)
- 11 Act as foreman, say, abroad (7)
 12 Pitch old books—try these
- cards for the future (5)
 13 In a position to give an example (8)
 15 Wet blanket ruins Left (10)
- 16 Know the leader of the county (4) 18 Old line on English trees
- (4) 20 Shock—namely, article loose ladies (10)
 22 A French set of horses is shaky (8)
- 24 Old woman tickled to death? (5) 26 Confines curls in a superior
- way (5, 2) 27 Bun for four? (34) 28 It keeps the correspondence down in the office (6-6)
- DOWN
 2 Ban amber changing to green light (7)
 3 Heart expanding to ladies,
- perhaps (8)
 4 Tots divine in Anglo-Saxon (4) 5 Lessor's due an earthquake
- Solution to Puzzle No. 5,725

 RESEARCH FOUTOR
 FOR TO FOR T Solution to Puzzle No. 5,725
- 6 Watchful of sudden attack
- 7 spirit of the chauffeur? (7) 8 Pluto leaning entirely offensively (13)
- 9 Glossy hide of elephant-treat differently! (6-7)
- 14 Great event—a thriller-writer includes endless West Indian ballad (10) 17 No cold shoulder, a tramp is cooking (8)
- 19 Cats, for example, can be so harmonious (7)
- 21 Feature of main map is roundabout at Avon City (7) 23 Something valuable for girl thrown over (5) 25 Pack cargo in second tug



COMMERZBANK OVERSEAS FINANCE N. V.

U.S.\$ 100,000,000 Floating Rate Notes Due 1995

In accordance with the provisions of the Notes notice is hereby given that for the six months period from May 17, 1985 to November 18, 1985 the Notes will carry an interest rate of 10% per annum with a coupon amount of U.S.\$ 513.89 on U.S.\$ 10,000.— and U.S.\$ 2,569.44 on U.S.\$ 50,000.—

Frankfurt/Main, May 1985 COMMERZBANK

"The trading for the current year shows a promising improvement over that achieved in the same period in 1984. I feel that progress to date can give us some confidence that 1985 will show a further advance in

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ASTBURY & MADELEY (HOLDINGS) PLC

FRANKOBAIL

KUWAITI-FRENCH BANK

CREATES FRANKOBAIL

The French Ministry of Finance has just given its agreement to a new Sicomi, created under the name of FRANKOBAIL by the Kuwalti-French Bank, a bank established in 1980 with a capital subscribed for 80% by a Kuwaiti holding company. Pearl Holding (Luxembourg) S.A., and for 20% by Crédit Industriel et Commercial. A Sicomi is a special type of real estate investment company.

ment company.

The capital of this new Sicomi will be FFr 200 million, fully

The capital of this new Stoom will be fire AD million, fully subscribed by Kuwait Real Estate Investment and Management Company for 50%, by Kuwait Real Estate Investment Consortium for 27.5% and, on the French side, by Mutuelle Générale Française-Vie, Crédit Industriel et Commercial. Crédit Foncier et Immobilier (an affiliate of Companie La Hénin), an industrial company, Société des Produits Chimiques d'Harbonnières, and Kuwaid-French Bank, for 22.5%.

The creation of FRANKOBAIL is a major event it demonstrates also exprach of the interest shown by Kuwaiti investors in this

the strength of the interest shown by Kuwaiti investors in this kind of investments in France. First class partners, all experi-

king or investments in France. FIRST class partners, all experienced and well-known companies or institutional investors, are associated in this project. The launching of this new Sicomi tightens the industrial, commercial and financial links between france and Kuwait, and reinforces the co-operation between the two countries which has been considerably advocated by their respective authorities.

two countries which has been considerably advocated by their respective authorities.

This Sicomi will invest primarily in offices, and other commercial buildings, and favour prime locations in France.

Mr Fahad Al Rajaan will be the Chairman of FRANKOBAIL.

Two Deputy Chairmen have been designated: Mr Robert Berzaux, as Chairman of Mutualle Général Française-Vie, and Mr Hamad Al Hamad, Chairman of the Commercial Bank of Kuwait

Hamad At Hamad, Chairman of the Commercial Bank of Kuwait and a Director of the Kuwaiti-French Bank.

The Directors are:

Mr Fahad Al Rajaan

K.R.I.M.C.O. represented by Mr Faisal Al Shayaa

K.R.E.I.C., represented by Mr Awwad Al Khaldi

M.G.F.-Vie represented by Mr Robert Bertaux

Kuwaiti-French Bank represented by Mr Hamad Al Hamad

C.I.C. Group represented by Mr Patrick Thuillier

Crédit Foncier et Immobilier represented

by Mr William Sénéchai

Mr Ezzat Jaafar

Mr Maied Al Aleel

Mr Philippe Dujardin
Mr Jean-Claude Empereur, Deputy General Manager of the
Kuwaiti-French Bank, has been nominated General Manager of

Mr Majed Al Ajeel Dr Mohammed Khouja

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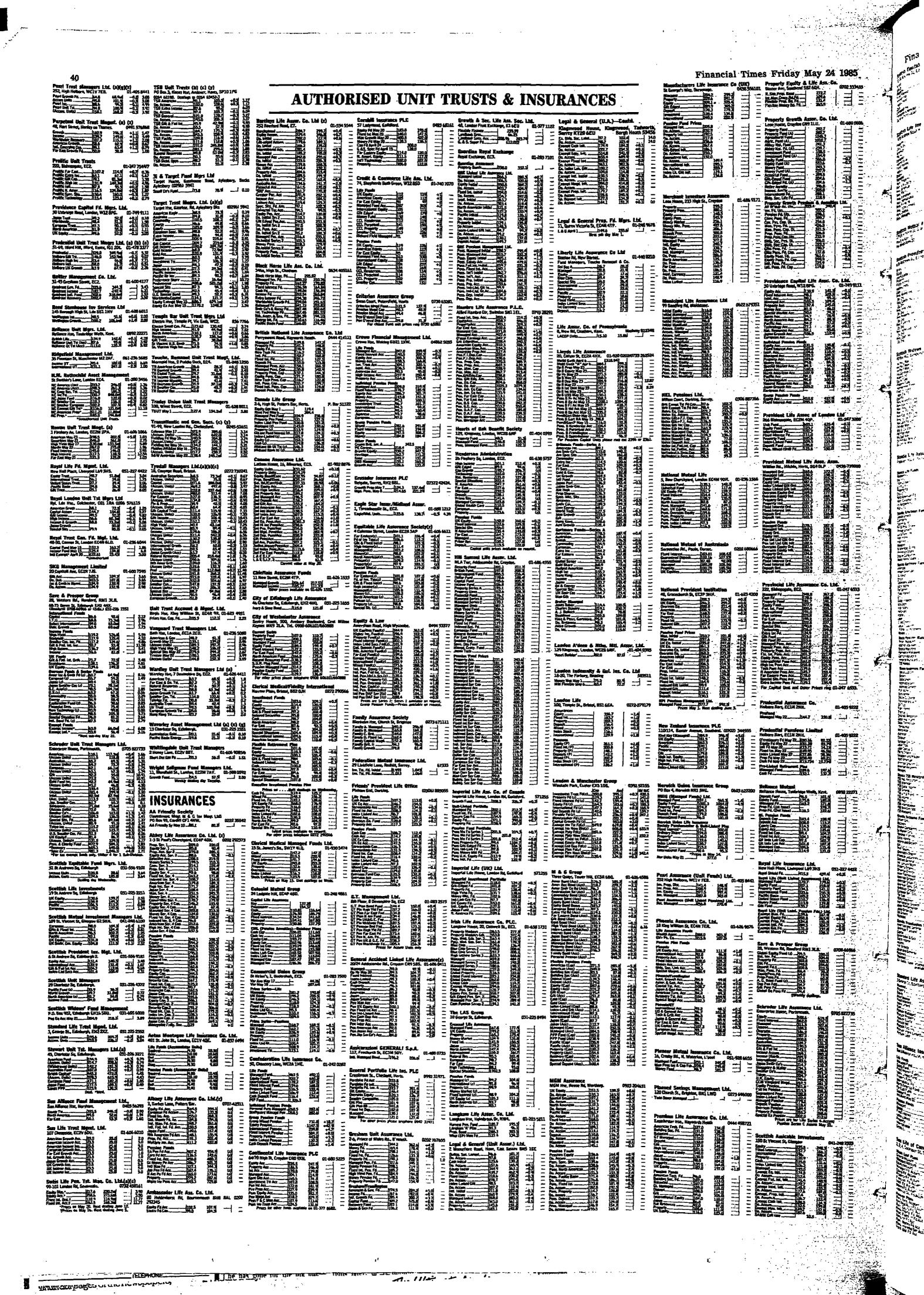
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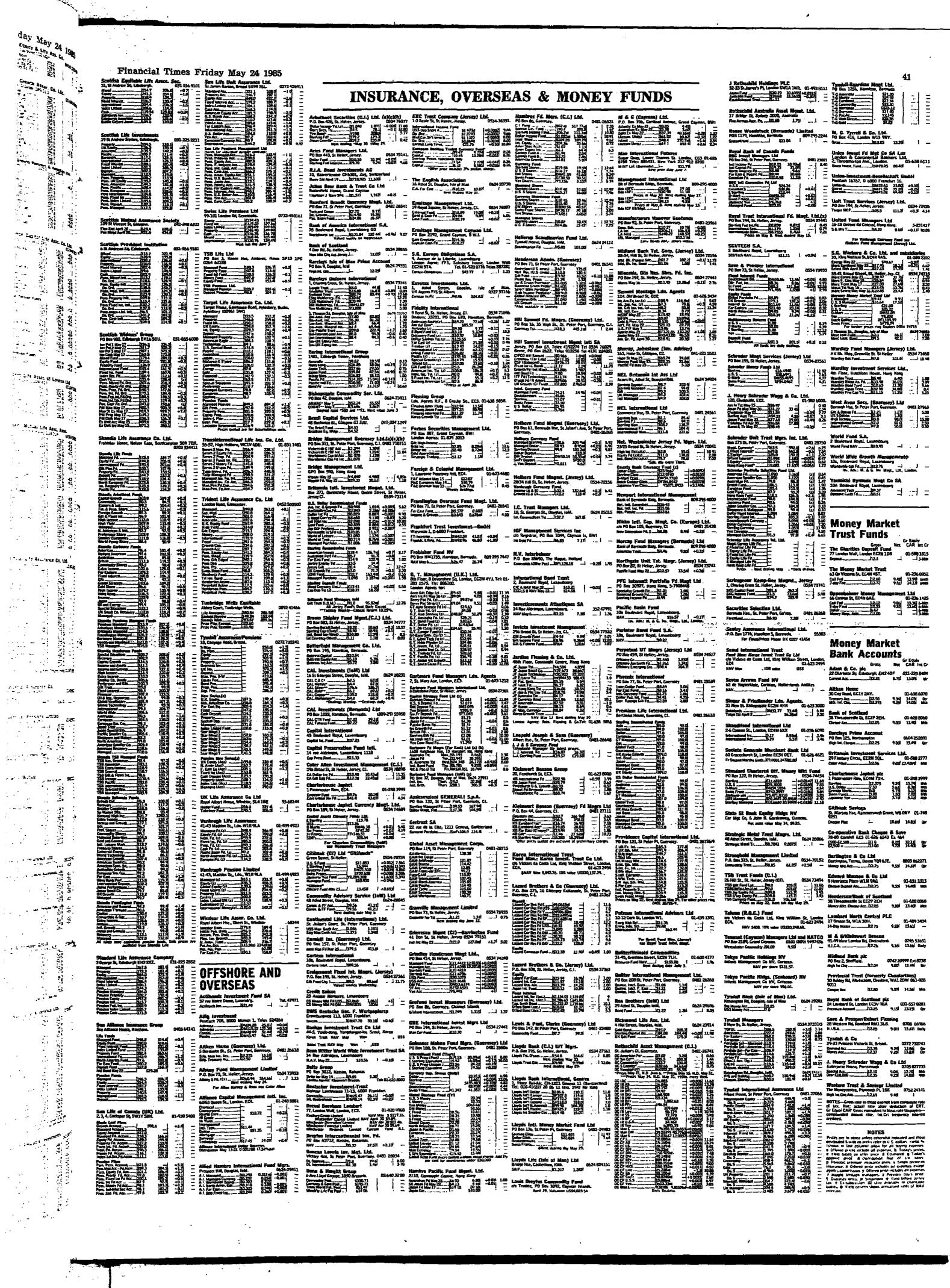
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Year to 31st December	1984 £'000	1983 £'000
Turnover	15,705	12,468
Profit before tax	1,504	1,351
Dividend per share	6.05p	5.5p
Earnings per share	14.81p	13.78p

At the Annual General Meeting held on 21st May 1985 the Chairman, Mr Brian W. Stanton said:

the fortunes of your company."





Transport problems hold up EEC famine aid

BY IVO DAWNAY AND QUENTIN PEEL IN BRUSSELS

TRANSPORT PROBLEMS are flows from Europe are at a on regional and social prostill dogging EEC efforts to get emergency food aid to famine victims in Ethiopia and the Sudan, according to Sig Lorenzo Natali, the Community's Devel- package have either arrived

A meeting of aid and development ministers here yesterday heard that about 40 per cent of the 1.2m tonnes of cereals ordered to be despatched by the Dublin summit last December have reached its destination, with another 25 per cent en route.

There remain serious local difficulties with transporting into the interior, however. According to a Commission report, about 114,000 tonnes were stuck in Ethiopian ports through lack of transport at the end of last month.

Fuel shortages, largely caused by lack of foreign exchange, are also hampering efforts in Sudan, and there is serious congestion in Chad.

level to meet demand if the internal transport question can be resolved. Some 262,000 tonnes from the emergency aid or are due to shortly, alongside 178,000 tonnes from normal food aid allocations.

During the meeting, Mr Timothy Raison, the UK's Overseas Development minister, answered criticisms made this week that insufficient new funds had been made available by Britain to meet the crisis. While confirming that only Defence Ministry support, in the form of air transport, had been added to the existing provisions he argued that short-falls in spending and the use of a special contingency reserve had allowed extra resources to be channelled into the relief

EEC budget ministers, meanwhile, have agreed to increase spending in 1985 by some Ecu 400m (£228m) to allow for some satisfaction that increased food aid and spending

grammes proposed by the European Parliament. The total figure to be sub-mitted for Parliament's final approval next month is almost

Ecu 28.4bn (£16.2bn), com-pared with Ecu 27.9bn put forward in April. Some Ecu 116m has been added to food aid spending (for a total of Ecu 507m) after a warning by Mr Henning Christophersen, the Budget Commissioner, that any lower figure could mean supplies being exhausted by the

autumn. The ministers accepted an estimate that Community revennes during the year would be Ecu 232m higher than first calculated using part of the money to finance the food aid. and the rest to offset part of an expected Ecu 419m deficit from 1984.

The rest of the deficit will simply be recorded in the hope that savings will emerge in the course of the year in some other areas of Community

U.S. farm groups seek boost in exports

By Nancy Dunne in Washington FARM GROUPS and legislators are pressing the U.S. Department of Agriculture to expand a proposed \$2bn bonus export U.S. grains would receive extra commodities from government owned stocks.

Although Mr John Block, the U.S. Agriculture Secretary, is still insisting that the prodirected towards those countries which undermine U.S. sales through "unfair trading practices," the Senate is pushing legislation to expand the pro-

gramme to apply across-the-In meetings with Mr Block and Mr David Stockman, the U.S. budget director, the farm lobby urged an export blitz, that would go far beyond the targeted programme envisioned by the administration. Accordingto Senator Jesse Helms chairman of the Senate Agriculture Committee, the administra-tion has promised the present the details of its programme in

Mr George Shultz, the Secretary of State, is said to be furious that the administration programme seems directed particularly at the EEC, although he is not expected to publicly opopse the scheme.

Some members of the farm lobby say by rights the USSR, which buys more than 18m tonnes of American grain this year, ought to be made eligible

for the bonus programme.

The pressure on the administration to expand the programme comes after the release last Wednesday of new U.S. farm export estimates. The USDA lowered its export fore-cast by \$1bn to \$33.5bn, 13 per cent below 1984. Imports were estimated at \$19.5hn, slightly above last year's record, a total which would leave the U.S. agricultural trade surplus at \$14th a \$14th \$14bn or \$5bn lower than 1984. Senators pushing for an expanded programme say the administration has not kept its word on promises made during negotiations on the 1986 budget. They say they were promised a programme involving \$1bn a

year in surplus commodities instead of \$2bn over three years. Wong Sulong on South-east Asia's up-and-coming cocoa producer

Malaysia rises to a new challenge

MALAYSIA is relentlessly pur-suing its target of becoming the Industries, says the Government world's leading cocoa producer will give every encouragement into the state to grab a piece overtake a few African nations among the top rank producers

pretty soon. The speed at which Malaysians have taken to cocoa is Indonesia and Thailand, with remarkable, prompting one long-time British planter here to comment that "cocoa is repeating the phenomenal success of oil pain in Malaysia

A decade ago, Malaysia was an insignificant producer, with output at around 10,000 tonnes. By last year, production had risen to 88,000 tonnes: projecting production of 100,000 tonnes. But the U.S. Department of Agriculture (USDA) reckons this figure as conservative, and that actual output could hit 125,000 tonnes because of a

surge in the maturing acreage, higher yields and good weather. This would place Malaysia as the world's fifth biggest cocoa producer, after the Ivory Coast, Brazil, Ghana and Nigeria. It has always been a source of immense pride for Malay-sians to note that natural rubber came from Brazil and Oil Palm from West Africa, and yet to-day, Malaysia is the world's

biggest exporter of these two commodities. Now, cocoa has firmly established itself as the country's cocoa is grown in Sabah where third export crop. Datuk Paul the pace of planting is hectic.

by the year 2,000, and, short of to its cultivation. The aim is to political turnoil, disease or a make Malaysia the leading collapse in prices, seems set to cocoa exporter by the year 2000. realisation that the country must move on to better paying crops as neighbours like

much lower labour and land

costs, make deep inroads into the rubber and oil palm markets. Based on prices of the past few years, cocoa is more rewarding than oil palm, which more profitable than rubber.

Several factors Malaysia as a cocoa producer. It has a large pool of plantation expertise, with good research and marketing support. Climatic conditions are about right and Malaysian state of Sabah are particularly suitable. Currently, there are an estimated 240,000 hectares under cocoa, compared with

less than 30,000 hectares 10 years ago. to expand by 15 per cent annually for the next couple of years, and many plantation groups are aiming to have between 10 and 15 per cent of

cocoa within their crop mix. About 60 per cent of the cocoa is grown in Sabah where

of the action and attracted by the high productivity and avail-ability of large tracts of land at relatively cheap prices.
To encourage planting, the government

decided not to impose an export tax on cocoa and Malaysia is not keen to join the International Cocoa Agreement until it gains a bigger market

African producers must feel threatened when they compare

MALAYSIAN COCOA EXPORTS 42.5 **57.5**

35.0

productivity Malayia's, in West Africa, the average annual cocoa yield is around 320 lbs per acre while yields up to 1,800 lbs are claimed to be obtainable in Sabah. "A yield of 12,000 lbs is common, and at 800 lbs, we would hide our heads in shame," says one Sabah planter.

mercial production have cut matoration of trees from three years to one and give yields of over 3,500 lbs per acre. So far, the emphasis has been on cultivation, but the authorOREIC

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EURO-CUT

Nay. 23

ties are beginning to devote more attention to rectifying some of the weaknesses in the industry. A national cocos research institute is being set up. Quality-wise, Malaysian cocoa is regarded by consumers as inferior to the African variety because of its high acidity and smaller and more variable bean size. Malaysian cocoa beans sell at a discount of between 5 and

8 pér cent However, some Malaysian producers feel the acidity prob-lem has been exaggerated by consumers to knock prices down. They say taste is subjective, and as Malaysian cocta gets wider usage and promotion, this prejudice will be As a reflection of the country's

growing status in the cocoa market, two major U.S. confectionary companies Mars Inc. and Hershey Foods Corporation—are in Malaysia working with the local authorities on ways to improve quality of the beans.
Malaysia is viewed as a politically stable and regular supplier, and the two companies are looking at the longer term with a view of diversifying some of their cocoa requirement from West Africa and South

China to turn maize into ethanol

CHINA, which is struggling to to the French Government's Japan, South Korea and the cope with a multi-million-tonne heart. But it is widely seen as maize surplus, has decided to unrealistic at prevailing EEC affected U.S. suppliers, whose prices are undercut by the tries which convert their excess The U.S. has already entered Chinese.

64.25m) order to Spiechim, a subsidiary of the French construction company Spie Batignolles, to build a plant which will distill stocks of maize to produce 200,000 becto. litres of ethanol a year for the country's chemical industry. The plant will also produce 20,000 tonnes per year of protein-rich animal feed.

The news will be greeted with interest by the European Com-mission, which is currently considering—as part of its long-term policy review—how to ncrease use of surplus agricultural products for industry.
This idea is particularly dear

maize surplus, has decided to join the growing band of countries which convert their excess grain into ethanol for industrial the ethanol-from-grain business.

It has awarded a FFr 50m (54.95m) order to Sniechim a in Louisiana to process surplus

> China is thought to have about 6m tonnes of maize in stock, and expects to continue to produce surpluses. Peking has said it does not intend to become a major food exporter, so is seeking new ways of using

its produce. Last year, for the first time in many years, the People's Republic exported maize. Exports in the current marketing year, ending in September, are expected to total at least 2.5m tomes, up from last year's

Grain production in China has rocketed since 1979, when Peking introduced incentive payments for the peasants. Total output last year exceeded 400m tonnes, compared with 318m in 1980. While Chinese officials said recently that some 60m people are still short of food, distribution within China is difficult because of the country's already-over-burdened rail system.

The present maize surplus omes mainly from China's north-east. It has proved easier to ship it to Japan or the USSR than to other parts of China. While the Chinese hope to build up a livestock industry for which maize will provide feeding-stuffs, the same trans-

Nickel shortage fears played down

THE CURRENT concern over the availability of supplies of nickel to the world's metal mar-kets in the short term is overdone, according to a study pub-lished yesterday by Shearson Lehman Brothers.
The authors of the study,

Messrs Angus Macmillian and Stephen Briggs, explained that this concern has grown out of a combination of market and tion has pushed nickel prices higher since the beginning of this year, and produced the unusual situation of a consistent backwardstion on the London Metal Exchange (LME), with metal for immediate delivery

commanding a premium over future supplies. On the production side, a number of producers have experienced difficulties, notably the typhoon damage to the Nonoc refinery in the Philippines, the impact of political unrest on the New Caledonian facilities and a cave in at the Agnew mine in Western Australia.

Nevertheless, these higher prices on the LME have not been matched by similar increases in the prices which producers can negotiate with their customers. The study suggested that this is because of strong resistance from con-

U.S. MARKETS

This discrepancy between LME and producer transaction prices will have to be resolved,

authors attributed the recent surge to "over-reaction brought about by persistently low stock levels and uncertainty-about supplies and currency vola-

The study expects producers to have no choice but to continue to sell below current LME levels, in spite of their stated desire to match the market's higher prices. As supplies

sumers who, probably rightly, become more readily available feel that the LME is out of line to that market, prices will fall to that market, prices will fall until they reach the levels the producers are receiving.

"We do not believe that any real tightness exists," the authors said suggesting that any apparent shortage of sup-plies might be attributable to producers withholding stocks in the hopes of deriving some price benefit from the market's benefit that a genuine shortage could develop in future.

Angual Review of the World Nicket Industry 1985, Sheursen Lehman Brothers, Peninsular House, 36 Monument Street, London EC3R SLJ.

CHICAGO -

LONDON MARKETS

BASE METALS LME prices supplied by Amaigamated Metal Trading **ALUMINIUM**

	Unofficia close(p.n £ per	L) —	High /low
Cash 3 months	876-8 900-1	+8.0	906/900
Official 80 (874 (8355): Final Karl 9,675 tonn	5); three settleme: b close:	snonth: et 880	(874.5).
COPP	ER	•	
Victor are	Unoffic	+or	

close | - |High/Lov Cash
Three m'nths 1203-5.4 -6.0 1215/1202 Official closing (am): Cash 1211-(1216-6): three months 1204-6 (1204-5): settlement 1212 (1216). Fins Kerb close: 1202-3.

Official closing (sm): Cash 1192-3 (1194-7); three months 1193-4 (1194-7); settlement 1193 (1197). Turnover: 24,450 tonnes. U.S. Producer prices 70,00-74,00 cents per pound. LEAD

Unoffic al + or High/for close(p.m.) -£ per tonne Official closing (am): Cash 297.5-8 (289-90): three months 300-1 (297-.5): settlement 238 (295.5), Finst Karb closa: 303-4, Turnover: 5.350 tonnes. U.S. Spot: 20.00-21.00 cents per round

NICKEL

£4400-10 ; —75,0|4469/4689 £4380-90 | —32,5 4486/4456 Official closing (em): Cash 4480-5 (4480-5); three months 4430-5 (4420-5); settlement 4485 (4485). Final Kerb close: 4395-400. Turnover: 8,176 toness.

TIN

High grade Unofficial + or High/for day
2 per tunne Cash £9500-5 +55.5 3 months £9570-80 |+27.5 Official closing (am): Cash 9585-600 (9555-8); three months 9585-75 (9525-90); settlement 9600 (9558).

9600-5 |+80,0|9605/9660 8869-8 |+30,9670/9560 Official closing (am): Cesh 5595-500 (9568-5): three months 9560-1 (9518-20): settlement 9560 (9588); final Kerb closs: 9560-5. Tumover: 1,930 tonges. Straits tin \$m29.30

ZINC

Official + or |High/lov plose(p.m.) — £ per tonne ! Official crossing (am): Cash 645-6 (642-3); three months 653-5 (649-50); settlement 646 (643). Finel Kerb close: 650-1, Turnover: 7,900 tonnes. U.S. Prima Western: 45.50-47.50 cents per pound.

MARKOCK CORPORATION OF THE MARKET CONTRACTOR OF THE MARKET CORPORATION OF THE MARKET CONTRACTOR OF THE MARKET CONTRACTOR

MAIN PRICE CHANGES

£1203.5 -7 £1205.75 +6

METALS

‡ Unquoted. x May-June. y July. June. † Per 78-1b flask. c Cents per

GOLD BULLION (fine ourse) May 23 GOLD AND PLATINUM COINS

Krgrnd .5326-3261e 12 Krug. 5168-1681e 14 Krug. 5168-1681e 1710 Krug. 535-361e Mapieleaf 5386-3261e Mew Sov. 576-771e 12New Sov 3461e-46 Old Sov. 576-771e 530 Eagle 3450-491e Mobile Plat 5379-3881e

8pot ____488,45p +1.05 486.5p 3 months >03,75p +8,75 501.5p 6 months 518.60p +8,45 19months 545,90p +8,56 __ Three months high 505.5, low 500, incl kerb 400.5-500.5.

FREIGHT FUTURES

Turnover: 184 (129).

21271.5 £1225.25

GOLD Gold fall \$1 an ounce from Wednesday's close in the London buillon merket yesterday to finish at \$3159-316. The metal opened at \$3164-3159, and raded between a high of \$3164-317 and a low of \$3144-3151. Gold was pulled back from the day's highe despite lower U.S. interest rates, while the dollar's continued recovery, despite a number of bearish economic statistics, tended to deter further investment in the metal.

Close \$3151q-316 (£9501q-351) Opening \$2161q-3151q (£251.2511q) M'ni'g fix. \$316.40 (£251.550) Art'm'nibr. \$315.40 (£250.578)

Silver was fixed 1,05p an ounce higher for spot delivery in the London buillon market yesterday at 489,45p, U.S. cart equivalents of the fixing levels were: spot 618,5c, down 4,5c; three-month 628,55c, down 4,85c; skrmanth 640,3c, down 6,1c; and 12-month 666,55c, down 6,95c. The metal opened at 488,491p (613-618c) and closed at 486-482p (613-614c).

|High/Low, Prev. | 988:690 | 584:686 | 585:986 | 580:958 | 915:980 | 1000 | 912 | 920:910 | 912 | 920:910 | 920:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 980:1030 | 98

GRAINS

Old crop markets continued to ea despite light profit-taking. New cro were again quiet with little change reports Muirosce. BARLEY 118,00 119,80 99,86 105,25 106,90 110,20 -0,15 111.10 -0,80 1 -0.05: 98,85 +0,05: 102.56 -0 106.05 +0,05: 108.95

and March untraded. Sales: 10 lots of 100 connes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 1, 15 per cent: Juna 145.50, July 144.40, Aug 145.70, Sept 143, Oct 144.80 sellers, transhipment East Coast. U.S. No. 2 Soft Red Winter: June 126.25, July 126, Aug 128.90, Nov 131.50, Oct 131.25 sellers. EEC Harvest 119 quoted. English feed, lob: May 123.50, June 124, July/Aug 100.75, Sept 101 sellers, East Coast. Maiszs: U.S. No. 3 Yellow/Franch, transhipment East Coast: May 145.50, July/Aug 88.90. Sept 100, Oct/Dec 105, sellers East Coast. Rest unquoted.

HGGCA—Locational ex-farm spot prices. Feed barley: S. West 113.00, W. Mids 112.10, N. West 114.80. The UK monstary coefficient for the week beginning Monday May 27 will change to 0.977.

RUBBER PHYSICALS—The Lundon murket opened steeder, attracted little follow-through interest throughout the day and closed on a quiet note, reports Lewis and Peet. Closing prices (buyers) spot 63.00p (seme): June 67.75p (67.00p); July 68.25p (67.50p). The Kuals Lumpur fob price for RSS No. 1 was 195.0 (191.0) cents a kg and for SMR 20 was 182.0 (180.5).

Lower sterling and a firm New York close produced opening gains of £15-29, reports DBL. Prices remained steady throughout a quiet afterneon as commission house buying fuelled a gradual rise. + 36.0;2071-51 + 32.0;2116-95 + 33,5;2162-42 + 30.0;2205-84

Sales: 2,530 (2,443) late of 5 tonnes. ICO indicator prices (U.S. cents per pound) for May 22: Copp. daily 1879 132.16 (131.98): 15-day average 131.86 (131.92).

INDICES FINANCIAL TIMES May 22 May 21 Mith ago Year ago 284.91 286.04 294.92 317.99

REUTERS May 23 May 22 M'th ago Year ago 1830.2 1827.9 1868.3 2012.5

MOODY'S May 14 May 13 M'th ago Yearago 921.9 923.9 - -(Base: December 31 1931 - 100)

DOW JONES Dow May May Month Year lones 22 21 ago ago Spot 118.49 118.38 — 141.99 Fut. 121.84 121.87 — 142.67

COCOA

Futures wallowed in a narrow range and closed virtually unchanged on the day. Physicals were even less active and no business was noted either with first or second-hand traders, reports (31) and bullus.

Seles: 1,869 (3,185) lots of 10 tennes. . 1760-1765 +4.5 | 1787-1765 | 1787-1769 | 1.20 | 1784-178 | 1776-1778 +7.5 | 1776-1778 +7.5 | 1776-1778 +1.0 | 1781-1763 | 1761-1763 +1.5 | 1761-1763 | 1761-1765 +1.6 | 1761-1765 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776-1775 | 1776

ICCO indicator prices (U.S. cents per pound). Delity price for May 23: 95.99 (95.31): five-day everage for May 24: 96.42 (96.38).

SUGAR LONDON DAILY PRICE—Raw sugar \$90.00 (£71.50), up \$2.50 (up £1.50) s tonns for May-June-July delivery, White sogar \$13.00, down \$1.00.

The merket drifted lower in feeture-less trade in line with a weaker New York market, but recovered later.

Sales: 1.342 (1.861) lots of 50 tonnes. Tate and Lyle delivery price for granulated basis sugar was £178,50 (£176.00) a tenne for export. International Sugar Agreement—(U.S. cants par pound lob and stowed Caribbean ports). Prices for May 22: Daily price 2.79 (2.83): 15-day sverage 2.90 (2.83).

SOYABEAN MEAL

The market opened unchanged in dull conditions, reports T. G. Roddick. Prices drifted tollowing commission house selling.

A. 1112 . - A.

In the run-up to the long weekend several prompt North Ses crude cargoes have been sold but speculative trading is minimal. Nymex WTI July opened 9c. down but traded 25c up at 1 pm EST. In the petroleum products merket gas/oil prices templined stable to 2 miles arms armder short-covering

Letest 28.60 28.65 | -0.05 25.00-25.15 | -0.10 25.50-27.35 | +0.15 28.55-28.65 | +0.10 27.55-27.75 | -0.25 1. 28.44-28.66 | -0.25 25.30-28.89 | +0.30

· May

s U.S. per tonne

(553) lots of **POTATOES**

£ per tonne

May 60.50 62.00 62.00 62.00 64.70-84.50

Rov 64.50 64.80 64.70-84.50

Fob 72.50 72.50 84.90 85.69-85.00

May 90.50 90.50 91.86 Sales: 138 (170) fots of 40 tonnes

PIGMEAT

June, 107.20 | 107.20 | 107.20 | 107.20 | 108.20 | 101.40 | 101.50 | 101.40 | 101.50 | 101.40 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 | 108.20 CCST Commodities. Sales: 55 (60) lots of 50 carcases

MEAT

SaifTHPED—Pence per pound.

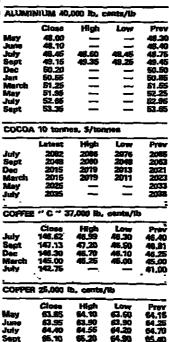
Beet—Scotch killed sides 78.0-82.0;
English forequerters 54.0-57.0; Ulster hindquarters 95.0-100.0. Vess—Dutch hinds and ends 138.0-143.0. Lamb—English small 84.0-95.0 medium 84.0-90.0, heavy 90.0-82.0 imported: New Zeeland PL 65.5-86.5, PX 65.0-56.0. Pork—English under 100 lb 49.0-57.0, 100-120 lb 51-55.0, 120-180 lb 43.0-45.0. MEAT COMMISSION—Average fatstock prices at representative markers, GB—Cattle 100.77p per kg lw (-0.98), GB—Sheep 191-20p per kg est dow (-29.36). GB—Pigs 80.74p per kg lw (-4.41).

HEATING OIL traded very strong because of the short industry stocks of distillates

NEW YORK

Prices eased on the opening due to profit-taking and fresh selling but during the attenuon prices steaded and finished on the highs as the market found firesh support, reports

and because of unwinding of short spreads against gasoline, reports Hemold Commodities. Heavy commercial and prefes-sional buying forced shortcovering by locals in soys oil bean market while unwinding of product spreads railied the meal market. Short-covering in maize and wheat was the beginning of evening-up ahead of the long weekend. The precious metals traded in a featureless fashion with trading comined to evening up positions. The lack of fresh speculative demand pressured aluminium and copper values. Sugar steadied on light shortcovering. Cocoa came under light pressure on favourable prospects for the crop. Coffee continued to benefit from a lack of speculative selling ahead of the long weekend. Cotton came under pressure



OTHER MARKETS

WOOL FUTURES SYDNEY GREASY WOOL—Close (In order: buyer, seller, business), Australian cents per kg. May 603.0, 620.0, 600.0; July 625.0, 632.0, nit; Oct 620.0, 623.0, nil; Dec 624.0, 626.0, nil; Mer 630.0, 631.0, 631.0; May 636.0, 648.0, nil; July 642.0, 650.0, nil; Ort 618.0, 630.0, nil; Sales; 3. LONDON NEW ZEALAND CROSS-BREDS—Close (in arder: buyer, seller, business). New Zealand cants per kg. May buyer unquoted, 520, nil; Aug 532, 534, 533; Oct 532, 534, 533; Des 532, 534, 533; Jan 534,536, 538-536; March 544, 545, nil; May 550, 551, nil; Aug 582, 584, nil; Oct 562, 565, nil, Seles: 8.

High 48.92 51.32 50.87 47.55 48.55 48.75 46.25 48.50 49.10 GOLD 100 troy oz, \$/troy oz

Closs High Loy
May 315.6 315.0 315.1
June 316.1 317.5 318.1
July 317.8
August 319.5 321.0 321.0
Oct 322.5 324.7 322.0
Dec 327.7 329.0 327.2
Peb 32.2 333.0 332.0
April 336.8
June 347.0 347.5 347.5
Oct 322.2
Dec 367.8 368.5 357.6
Feb 362.7 364.5 364.5
HEATING OIL 42.000 U.S. gallosents/U.S. | July 275.4 278.0 274.5 |
| Sept 282.0 282.4 287.0 |
| July 275.4 278.0 274.5 |
| Sept 282.0 282.4 287.0 |
| July 276.2 288.4 288.4 |
| July 273.4 273.4 277.2 |
| July 274.2 274.2 272.4 |
| Sept 280.0 280.0 280.0 |
| PORK BELLIES 38,000 th, cents/tis High 66.30 67.35 68.95 74.20 73.80 74.55 74.70 Close 65.55 66.62 86.47 73.82 73.55 74.76 May July August Feb March May July SOYABEANS 5.000 bu min, cents/80-lb bushel July August Sept Nev Jan March May July ORANGE JUICE 15,000 lb, conts/tb Ciosa 144.10 143.00 142.00 141.70 141.70 141.70 High 46.00 44.00 42.50 42.00 42.25 42.25 1.0w 43.60 42.00 41.40 41.00 42.25 SOYABEAR MEAL 100 tone, S/ton Close High 258.5 June 258.7 June 258.7 June 258.7 Juny 259.0 Z74.0 Cct 273.8 Z78.5 Jan 278.9 Z81.0 April 284.5 Z89.5 SILVER 5,000 troy oz, cen Close 30.95 29.58 26.63 27.62 26.73 26.50 25.50 Prev 615.4 616.5 620.0 627.8 646.5 654.5 684.2 675.2 Close 613.5 614.5 618.0 625.8 633.8 643.5 662.5 662.2 672.3 683.2 July 30,95 37:18
August 28.58 29.58
Sapt 28.63 28.80
Oct 27.62 27,95
Dec 26.73 28.80
Jan 26.36 26.58
March 28.00 26.70
Mary 25.50 25.78
WHEAT 5.000 bu mist, cents/60-lb bushel SUGAR 112,000 WORLD " 11 ib, cents/ib Low 317.2 320.0 331.4 335.2 324.0 304.4 Prev 318-9 320-2 331-6 336-0 322-4 304-0 Prev 64,16 64,25 64,70 65,40 66,15 56,40 66,85 67,20 67,60 68,00 Prev 3.04 3.21 3.34 3.77 4.24 4.43 4.61 4.75 4.92

WHEAT WHEAT—(U.S. S per tonne): U.S. two soft red winter June 140.75, July 132.75, Aug 143, Sept 143 seliers. U.S. two northern spring 14 per cent protein June 187, July 185, Aug 186.50, Sept 162. Oct 184.90, Nov 167, Dec 189.50 seliers. U.S. northern spring 15 per cent protein June 177.50, July

178, Aug 176.50, Sept 174.50 sellers. U.S. three hard amber durum Jude 174.50, July 174.50, Aug 174, Sept 176. Oct 172, Nov 174 Sellers, Canedier one western amber durum June 185. July 185, Aug 184.50, Sept 184 sellers. SUGAR—(FFr per tonne): Aug 1266/1270, Oct 1267/1290, Dec 1306/ 1315, Mar 1364/1366, May 1406/1415, Aug 1468/1480, COCOA—(FFr per 100 kg): July 2080/2120, Sept 2063/2070, Dec 2020/ 2040, Mar 2040/2049, May 2046 bid, July 2045 bid. MAIZE—(U.S. 3 per tente): U.S. three yellow affort 133.50. June 131. July 130. Aug 123. Sept 127.50. Oct. Dec 124.50 sellers. Argentine: Plant affort 135. May 133.50, June 131, Juhn 132.50 sellers.

LIVERPOOL—No spot or shipment seles were registered. Business was lathergic and traders evolded forward commitments. Users were contract with existing supplies.

SPOT PRICES—New York (561,0) cents per pound, therman silver bullion 612

Stort-opyming Stort on Store S Alexa \$ 5'0 in maring 8'5-8 in maring years HONE

UK INTEREST 7
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CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

day May 24 1985

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Dollar steadies in thin trading

The dollar finished towards the lower end of the day's trading range against leading currencies with business influenced by the approaching long weekend and month end proximity. Early trading had seen some degree of shortcovering to balance positions before the end of the month. Comments by various U.S. officials suggesting an economic rebound in the second half of this year undoubtedly added to the underlying bullish sentiment.

half of this year undoubtedly added to the underlying bullish sentiment.

In the short term, however, there was a general reluctance to take out fresh positions. The dollar closed at DM 3.0750 against the D-mark, down from a best level of DM 3.020 and Wednesday's close of DM 3.0765. There had been some difficulty earlier in the day in maintaining the dollar above the important DM 3.10 level, Eisewhere it finished at SwFr 2.5845 from SwFr 2.5865 and FFF 9.4125 compared with FFF 9.3850. Against SWFT 2.3853 and FFT 9.3850. Against the yen it closed at Y251.2 from Y250.65. On Bank of England figures, the dollar's index

finished at 146.1 from 145.2.

STERLING — Trading range against the dollar in 1885 is \$1.2640 and DM 3.88 compared with DM 3.8950. Elsewhere it 1.2414. Exchange rate index fell to 78.9 from 79.3, having been SwFr 3.2750 and FFr 11.8425 quoted for much of the day at 79.0. The six-months-age figure was 74.9.

MADE— Trading range**

Sterling eased against the dollar and also against most EMS currencies in quiet trading. Recent comments about the need D-MARK — Trading range against the dollar in 1985 is 2.4810 to 2.8730. April average 3.0856. Exchange rate index 121.6 unchanged from six months ago. Trading was rather quiet and

EMS EUROPEAN CURRENCY UNIT RATES

+0.48 -1.08 -0.02 -0.51 +0.14 -1,34 +1.98 ±1.5471 ±1.5419 ±1.1475 ±1.3689 ±1.5171 ±1.8873 ±4.0410

4.42 2.90 5.49 3.46 3.15 -0.48 -0.83 -0.68

-0,13 2.28 -3.36

2.8. months
4.80 1.42-1.37pm
2.85 1.42-1.13pm
5.49 67-5*pm
3.84 72-63pm
3.44 111-10*ppm
5is-0.53 0.37pm-0.7d
7.15 67-6*ppm
-13.55 310-1210dis
-0.41 20-55dis
-0.43 pm-1.dis
-0.49 1-6dis
-0.49 91-91-dis
6.48 4.91-4.77pm
6.25 41-37*ppm
6.25 41-37*pp

OTHER CURRENCIES Note Rates 27.20.37.50 78.25.29.05 13.89.14.03 11.81.11.93 5.87.5.91 8485.2510 4.37.4.4 111.13.11.84 214.229 218.231 21.1811.29 5.86.3.28 12.441.1561 530-540

POUND SPOT-FORWARD AGAINST POUND

One month

Close

* Salting rate,

uneventful once again with the dollar fixed at DM 3.0445 compared with DM 3.0720. There was no intervention by the Bundesbank. Initial trading pushed the dollar firmer on prospects of higher Interest rates later this year. However, it met profit-taking before establishing any level above DM 3.10, and tended to stabilise in the absence of any new factors.

STERLING INDEX 9.00 am 10.00 am 11.00 am 79.0 79.0 79.0 79.0 79.0 79.0 79.0 1.00 pm 2.00 pm 3.00 pm 4.00 pm

£ IN NEW YORK May 25 Prev. Close 2 Spot |\$1,263-1,2618|\$1,2545-1,2555 7 menth: 0,63-0,51 pm | 0,52-0,50 pm 8 months |1,47-1,45 pm |1,47-1,45 pm 12 months |3,78-5,68 pm |5,75-5,70 pm

DOLLAR SPOT-FORWARD AGAINST DOLLAR % p.a. 4.42 3.95 -1.58 0.98 --1.03

CURRENCY MOVEMENTS Bank of Morgan England Guaranty Index Change %

78.9
146.1
87.7
111.8
89.2
77.2
121.6
159.2
111.8
64.8
45.3
164.9 -10.3 +31.8 -6.9 +3.1 -11.3 -6.1 +6.9 +7.9 +2.8 -15.6 -17.3 +11.3 **EXCHANGE CROSS RATES**

FrenchFranc, Swist Franc Pound St'rling! U.S. Dollar Deutschen: K J'panese Yen Dutch Gulid Italian Lira (Canada Dollar/Belgian Fra 11.84 9,415 3,260 8,586 3,880 3,076 316.5 251,2 4.575 3.478 **847**6. 1**96**7. 1.725 1.567 0,798 91,57 2000, 3,059 37,42 0.840 10,50 Deutschemark. Japanese. Yes. 1,000 0,258 3,160 0,525 . 1; 18,26, 8,765 267.5 97,09 5.592 1.541 French Franc 10." Swiss Franc 1,066 0,367 3,276 1,190 10. 3,633 2090. 759,4 1,457 0,529 72,38 127,9 2,708 4,764 0,289 0.887 1.567 0,746 1,517 566,2 1000, 17.86 31.55 1. 1.766 Canadian Dollar Belgian Franc 100 2,249 4,968 183,4 405,2 6,863 15,16 45,26 100,

EURO-CURRENCY INTEREST RATES

(Market closing rates)

U.S. Dollar Dutch Guilder Swiss Franch Franc Italia: Lira Danish Krone Storling D-mark Yen 71g-73g 71g-73g 7-71g 61g-71g 61g-7 9.914 914.912 944.944 939.958 931.914 125g-123g 125g-123g 125g-123g 125g-123g 125g-123g 121g-121g 759-734 714-718 754-719 718-84 84-879 11g-2 14-141g 51g-514 514-53g 514-53g 914-91g 67g-91g 67g-91g 9-914 914-934 914 934 818-936 9-912 918-956 938 918

Asian S (closing rates in Singapore): Short-term T^{μ}_{a} , T^{μ}_{b} per cent; seven days T^{μ}_{a} , T^{μ}_{b} per cent; one month T^{μ}_{a} , T^{μ}_{b} per cent; three mosts months $S^{\mu}_{a}S^{\mu}_{a}$ per cent; one years $S^{\mu}_{b}S^{\mu}_{b}$ per cent; three years 10^{μ}_{a} , 10^{μ}_{b} per cent; lour cent; live years 10^{μ}_{a} , 10^{μ}_{a} per cent; cent; lour years 10^{μ}_{a} , 10^{μ}_{a} per cent; short-term rates are cell for U.S. dollars and depends yen; others two days' notice.

MONEY MARKETS

UK rates slightly firmer

INTEREST rates were slightly firmer where changed in London yesterday reflecting a weaker sterling trend and recent predictions that U.S. interest rates were likely to rise later this year. In addition any lingering hopes of a cut in clearing bank base rates were smally extinguished by Wednesday's statement by a Bank of England official that rates were unlikely to fall before success in containing money supsuccess in containing money sup-

The second secon Eligible bank bills were bid MONEY RATES quite heavily as discount ho strived to top up bill holdings

UK clearing banks base lending rate 121-121 per cent since April 19 and the three-month bid rate was unchanged at 1134 per cent. Three month interbank was also

Three month interbank was assumed and the per cent while six-month sterling certificates of deposit rose to 12½-12½ per cent from 12½-12½ per cent.

The Bank of England forecast shortage of around £500m with 7 days notice. a shortage of around £500m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £340m and the unwinding of previous sale and repurchase agreements a further

FT LONDON INTERBANK FIXING

(11,00 a.m. May 23) 3 months U.S. dollars Ысі 7 18/16 ofter 8 1/16 8 months U.S. dollars bld 8 1/4 The fixing rates are the arithmetic manns, rounded to the nearest one-sixteenth, of the his and offered rates for 510m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Benk, Benk of Tokyo, Deutsche Benk, Banqua Metionale de Parla and Morgan Gurranty Trust.

fire in the note circulation of of eligible bank bills in band 1 to a shortage of around £550m, £55m. These were partly offset (up to 14 days) at 12½ per cent by Exchequer transactions which and in band 2 (15-33 days) £47m added £180m and banks brought of local authority bills and forward balances £40m above £128m of eligible bank bills at target. There was no early help offered by the authorities.

In the morning the Bank gave assistance of £381m, having eligible bank bills at 12½ per cent and in band 2 (15-33 days) £47m additional assistance of £351m. The forecast was revised again to a shortage of around £550m, before taking into account the early help and the Bank gave additional assistance of £351m. The forecast was revised again to a shortage of around £550m, before taking into account the early help and the Bank gave additional assistance of £351m. The forecast was revised again to a shortage of around £550m, before taking into account the early help and the Bank gave additional assistance of £351m. The forecast was revised again to a shortage of around £550m, before taking into account the early help and the Bank gave additional assistance of £351m. The forecast was revised again to a shortage of around £550m, before taking into account the early help and the Bank gave additional assistance of £351m. The forecast was revised again to a shortage of around £550m, before taking into account the early help and the Bank gave additional assistance of £351m. The forecast was revised again to a shortage of around £550m, before taking into account the early help and the Bank gave additional assistance of £350m, before taking into account the early help and the Bank gave additional assistance of £350m, before taking into account the early help and the Bank gave additional assistance of £350m.

The forecast was revised again to a shortage of 1550m, before taking into account the early help and the Bank gave additional assistance of £350m.

The forecast was revised again to a shortage of 1550m, before taking into a

1014 2014-2013 1016-1013 1016-1013 1016-1013 156-178 516-518 75g-75g 7-71g 141₆-161₄ 241₄-141₂ 9-30 97g-91g 54<u>54</u> 6,34875 1434-1518 9-914 918-936 104 678

LONDON MONEY RATES Discount Houses Deposit and Bill Rates 125₈-12₁₄ 12:13 121₂-127₂ — 12-125 1256 1256 1256 1256 1256 121g-126g 121g 1214 1214 1218 123-121 1214 1219 134-123 112 113-1111 114-1114 1115 184 123 118 -134 121₀ 11<u>31</u> 1254-1259 1215-1215 1215-1215 1214-1216 1214-12 Ξ Ξ

Local Authority Deposits Finance | § Cert House of Deposits Deposit Local Auth. 734-8 716-818 716-818 8-818 9음.9남 84-84

ECGD Fixed Rata Export Finance IV: Average Rate of Interast period April 3 to May 7 (Inclusive): 12.787 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base fam (published by the Finance Houses Association): 133- per cent from May 1. 1985. London and Scottish Clearing Bank Rates for lending 123-133- per cent from May 1. 1985. London and Scottish Clearing Bank Rates for lending 123-133- per cent from May 1. Treasury fillist. Average tender rate of discount 11.9839 per cent. Certificates of Tax Deposit (Series 6): Oeposits 2100.000 and over held under one month 123- per cent one-three months 123- per cent three-six months 123- per cent six-nine months 123- per cent; one-three months 123- per cent three-six months 123- per cent tone for cent form May 14. Deposits held under Saries 5 125, per cent. The rate for all deposits withdrawn for cesh 8 per cent.

MONEY RATES NEW YORK (Lunchtime) Treasury Bills One month
Two month
Three manth
Six month
One year Two year ,... Three year Four year ... Five year ...

Eurodollars ease

FINANCIAL FUTURES

LONDON THREE-MONTH EUROPOLLAR S1m points of 100% Forward pramiums and discounts apply

THREE-MONTH STERLING
ES00,000 peims of 100%

Close High Low
June 87.49 87.56 87.46
Sept 88.41 88.49 88.41
Dec 88.67 88.70 88.67
June 88.80
Estimated volume 3.214 (2.45)

CURRENCY RATES Bank Special Europea rate Drawing Currence % Rights Unit DEUTSCHE MARKS DM 125,000 \$ per DM SWISS FRANCS SWFr 125,000 \$ per SWFF

FT-SE 100 INDEX £25 per full index point

COUNTRY

GNMA (CBT) 8% \$100,000 32nds of 100% 72-15 72-00 71-14 70-27 70-16 70-16

STERLING (IMM) \$4 per E

Eurodollar prices were weaker in the London International Financial Futures Exchange yesterday. Sentiment was inhibited by the proximity of a long weekend both in London and Chicago and the recent bullish septiment took at least a temporary knock following statements by various U.S. officials suggesting an upturn in U.S. economic growth in the second half of this year and a consequent rise in cash rates.

Against this background the September Eurodollar price opened at 91.24 down from 91.34 and this appeared to catch a number of people carrying long positions. Consequently, the decline was accelerated down to a low of 91.18. However, squaring of positions ahead of the long weekend and a general reluct-

June 81.95 91.98 91.89 91.99 81.99 81.95 91.25 91.26 91.48 91.39 91.99 91.99 91.99 91.25 91.26 91.48 91.34 91.34 91.34 91.34 91.34 91.34 91.34 91.34 91.34 91.37 9 Jume 67.49 87.55 87.46 87.60 87.60 87.60 87.60 87.60 87.60 87.50 88.41 88.59 88.41 88.59 88.41 88.59 88.47 88.77 88.77 88.73 88.00 June 88.90 88.70 88.73 88.00 June 88.90 171 (2.425) Previous day's open int 7.733 17.217)

20-YEAR 12% NOTIONAL GILT CS0,000 32nds of 100%

250,000 32nds of 100%

Close High Low Prev
June 105-18 105-18 105-09 105-20
Sept 108-05 109-05 108-30 105-08
Dec 103-14 108-31 105-08
March 108-31 1-76 (1,819)
Previous day's open int 3,888 (3,729)
Basis quote (close cash price of 13% Trastury 2003 issa equivalent price of near futures contract) -10 to par (32nds). STERLING £25,000 5 per £

Close High Low Prev June 1.2530 1.2525 1.262 Close High Low Prev June 0.3234 0.3236 0.3231 0.3280 Sept 0.3235 0.3250 0.3254 0.3280 Estimated volume 100 (18) Previous day's open int 246 (278) June 0.3850 — 0. Sept 0.3677 — 0. Estimated volume nll (nil) Previous day's open int 157 (156)

THREE-MONTH EURODOLLAR (IMM) Sim points of 100%

U.S. TREASURY BONDS 84 S100,000 32nds of 100%

Close High Low P.
June 74-27 74-27 74-18 75Sept 73-27 73-27 73-20 74Estinasted volume 1,597 (2,267)
Previous dey's open int 3,076 (3,085) CHICAGO

U.S. TREASURY BONDS (CBT) 8% \$100,000 32nds of 100%

Letest High Low 74-20 74-20 74-20 73-26 73-26 73-27 73-19 73-22 72-22 72-22 72-27 71-10 71-10 71-10 71-10 71-10 70-20 70-20 70-20 70-30 70-30 70-30 68-17 68-18 68-18 68-18 64-15 Sim points of 100% Lamest High 92.72 92.73 92.30 92.31 91.95 91.96 91.84 91.84 91.84 91.92 91.98 91.98 90.98 91.98 90.98 91.98

CERT: DEPOSIT (IMM) \$1m points of 100% 1.etest 92.22 91.59 91.12 90.80

JAPANESE YEN Y12.5m \$ per Y100

JAPANESE YEN Y12.5m \$ per Y100

June 0.3978 — 0.3996 June Sept 0.3996 — 0.4013

Estimated volume nit (nil)

Previous day's open int 164 (164)

FT.SE 100 INDEX

Prev 72-19 72-00 71-14 72-18 72-15 72-12 71-31 PO Box 14335-415. Tehran, Iran

COUNTRY

COMPETITIVE COMMERCIAL **DEPOSITS**

£50,000 AND UPWARDS

KANSALLIS-OSAKE-PANKKI

U.S. \$25,000,000

Floating Rate Capital Notes 1989

In accordance with the terms and conditions of the above mentioned notes, notice is hereby given that the rate of interest for the six months from 23rd May 1985 to 25th November 1985 has been fixed at 81/2% per annum and

the amount payable on coupon No. 7 will be US\$21,958.33

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Forward Trust offers highly competitive terms on commercial deposits. The very nature of industrial asset finance on a national scale demands flexibility, so you can be sure we'll adapt to meet your needs.

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12.05 12.74 (Minimum bolonce \$2500) Amusi Report and Accounts ovaliable on request Managen Romnie Home 4, Don Road, 9, Helier, Jersey, Tel: 0534 38855. RANK OF SCOTLAND

EXPORTERS OF MOLASSES, LEAD, ZINC AND COPPER CONCENTRATE GYPSUM, GUMS, MARBLE STONES Commidities & Products Ltd.

Art Galleries

ANDREW WYLD GALLERIES, 17 CHford Street. W1. 734 5575. Watercologra, Drawings and Oil Paintings FROM GAINSSOROUGH TO TURNER, Unbil 37st May, 10-5 Mos.-Fri. BROWSE & DARBY, 19 Cork Street, London, W1. 734 7984, ANTHONY EYTON, New Paintings.

LACY GALLERY, 40 Ledbury Road, W11, 229 9105. "BITTER SWEET," AN EXHIBITION OF 20th CENTURY BRITISH ART. THE 21st to Sat 25th LUMLEY CAZALIT, 24 Device St., W1. 01-499 SOSB. JESSICA GNYNNE— Paintings, Drawings and Etchings. Detti 14 June.

RICHARD GREEN, 44 Dover Street, WI. 483 3839. MODERN BRITISH PAINT-INGS. Daily 10-5, Sats 10-12.30.

VALUE OF DOLLAR

CURRENCY

S WORLD VALUE OF THE DOLLAR BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, May 22, 1985. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated, All currencies are quoted in foreign currency units per one U.S., dollar except in certain specified areas. All

CURRENCY VALUE OF DOLLAR

Bank of America, Economics Dept., E.M.E.A. London Eurodollar Libor as of May 22 at 17.00 a.m. 3 months: 8 6 months: 81

rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

CURRENCY

VALUE OF DOLLAR

transactions.

Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Tanes sesume responsibility for errors. ECU=SUS.729724 SDR1 ≈ \$US,994545 Sibor as of May 22 at 11.00 a.m.
3 months: 8 6 months: 81

COUNTRY

		· 	· • · · · · · · · · · · · · · · · · · ·			
	Afghanistan Afghani (o)	. 50,60	Grenada E. Caribbean # Guadaloupe Franc	2.70	Paraguay	240.00
- 1	Albania Lek	7.9622	Guadaloupe Franc	9.37	Paraguay (Guarani (d)	570.00
	Algeria Dinar	. 5,118	Guam	1,00	Peru	9738.29
	Andorra	9.37	GuatemalaQuetzai (o)	1,00	Philippines Peso	18,473
in i	Angola Kwanza	; 172,97 29,918	Quetzal (h, l)	2.795	Pitoairn Is N.Z. Dollar	2,2074
m, 1	Anthore F Combbeen 2	. 2.70 2.70	Guinea Bissau Peso	147.393 24.8807	Poland Zioty (0) (8) Portugal Escudo	135,94
be l	Antiqua E Caribbean \$ Argentina New Peso (a) Australia Dollar Australia Schilling	541.41	Guinea Rep Syll Guyana	4.12	Puerto Rico	174,25
	Australia Dollar	1.4478	Hetti Gourde	5,00	LIELO IDOMANINI O'S' &	7.00
ve	Austria Schilling	21,60	Haiti Gourde Honduras Rap Lempira	200	Qatar Riyal	3.641
m.,	AZOFBSPARAMANT POPL ESCUED	174,25	E Lambira (ch	2.55	l Reubion, lie de la Fr. Franc	9.37
he i	Bahamas Dollar	1.00	Hong Kong Dollar	7.773	Romania	4.54
r. 1	Behrain Dinar	0.3769	Hungary Forint	50,736	Rwanda Franc	103,275
zk l	Belearic is Sp. Peseta Bengladesh Taka	172.97 27.00	loeland Krona	41.54	St. Christopher E. Caribbean \$	2,70
	Barbados Dollar	2,0115	India Rupiah India Rupiah Iran Rupiah Iran Dinar Irish Rep Punt	12.41	St. Helena Pound	1,8686
1 5 ,	Part (France (c)	: 61,75	Indonesia Ruplah	1115.00	St. Lucia E. Caribbean S	2,70
2 ζ , {	Beigium	' 62,075	Iranomorous Rial (0)	92,8063	St. Pierre Fr. France St. Vincent E. Caribbean \$	9.37
ot į	Belize Dollar	2,00	IFEG. Box. Direct	0,3109 1,0195	St. Vincent E. Caribbean F	2.70
er i	Benin C.F.A. Frano	468.50	lerael Shekel	1012,40	Samoa (Western) Tala Samoa (Am.) U.S. S	2,2988 1,00
J	Bermuda Dollar	1.00	Italy Lift	1963.00	San Marino It. Lira	1968,00
- 1	Bhutan Ind. Rupes	12,41	Ivory Coast Q.F.A. France	468.50	Seo Tome &	1
t	Bolivia Peso (7)	. gan nnn			Principe DR Dobre	45,4982
ı	BOTAWARA Pule (6)	1.7498	Jamaica Dollar (o) (6)	5.50	Saudi Arabia Riyal	3.61
→ {	STAZII mm	. 5260.00	Japan Yen	250.45	Senegal	468,50
•	Brunei Dollar	2,9135	Jordan Dinar	0,3899	Senegal	7.2742
i	Bulgaria Lev	: 1,0465	S Kembuches Blot	n.a.	Sierra Leoné Leone	6.00
ι·I	Burkina Fato C.F.A. Franc	468,50	Kenya Shilling	15,9839	Singapore Dollar	2,2135
2	Burma Kyat	. 8,5652 123,372	Kenya	1,4479 0,94	Solomon le Dollar	1.3794
3 I	Burundi	468,50	Korea (Ath)	869.00	Somali Rep Shilling South Africa Rund	36.60 1,9841
٠,	Canada	1,4696	Kuwait Won	0.503	Spein Poseta	172.97
` }	Canary Is Sp. Poseta	172.07	T L80 P005 9. 980 816	35,00		
	Cape Verde Is Escudo	89,2698	Lebanon Pound	16.13	Span Ports in N. Sp. Peseta	172.97
~	Cayman Is Dollar	0.835	Lesotho Pound Lesotho Majoti	1,9841	tel I sake Prince	27,405
_ 1	Cen. Africe Rep C.F.A. Franc	468,60 468,50	Liberia Dollar	1,00	Sri Lanka	2.50
s (Chile Been (n) (3)	152.13	Libya Dinar Liechtenst'n Sw. Franc	3.5815	Surinam Guilder	1.785
 }	Chad	2,838		61.75	Swaziland	1,9641
e i	LOIDRIGUE	136.62	Madagasoar D. R. Franco Madagasoar D. R. Franco Madelra Port Escudo Maiswij	8.08	Sweden Arona	8,9025 2,5815
ie	Compros	468,50 466,50	Madagascar D. R., Franc	843,906	Syria Pound (o)	8.925
"]	Coste Dice Asian	49,25	Madeira Port, Escudo	174.26 1.7721 2.463	_	
~	Cuba	0.9311	Malawie Bloodt	2350	Taiwan Dollar (e)	\$9,75
- 1	Cyprus Pound*	1,5926	Maldive Is Ruffys	7,00	Tanzania Shilling	17.55
- 1	Czechoslovakia Koruna (o)	6,95_	I Meli Po C.E.A. Frenc	468.50	Theiland Saht Togo Rep C.F.A. Franc	27.39 468.50
- 1	Denmark Krone	11.037	Malta	2.0853	Tonga Is Pa'anga	1.4478
	Dominica E. Caribbean \$	181.258	Martinique Franc	9.37	Trinidad & Tobago Dollar	2,409
•	Downling on the Carlo Company	2,70 1.00	Mauritius	67,16 15,77	Tunisia Dinar	0,8506
	Domin. Rep	3.20	Peen (d)	237.02	Turkey Ura	582.67
	(Sucre (p.p.)	67.18	Mexiso	219.61	Turks & Calcon U.S. 5	1.00
ŀ	Equador	114.06	i M ichielan - Er Erene :	9,57	Tuvatu Aust Dollar	1.4472
-1	(Suore(f)	95.25	Monagolia	9.37	UgandaShRiing	595.20
- [Egypt	0.83 1.33	Montenant F Carlyton 4	3,355 2,70	Halfard Arab Errie Distance	3,673
- 1	Colon (C)	2.50	Properties	2,70	Utd. Kingdom Pound Sterling*	1,3685
- }	El Salvador (Colon (d)	5.00	Morocco Dirham	10.15	Uruguay Peso (m)	95,875
- 1	ED'M GUIDOR C. F.A. Eveno (4)	468,50	Morocco	43 634	Utd. Kingdom Pound Sterling* Uruguzy Peec (m) USSR	0,8565
- 1	Ethiopia Birr(o)	2.0733	Namible S. A. Rand	1,9841		
ł	Fairlend is	11.0087 1.8685	•	1.4478	Vanustu	110.603 2963.00
•	Fill Dollar	1.1766	Nauru is	1,4472	VECCER	7,50
- 1	Fairos Is	fi ka	r Natherlands Guilder	18,30 3,469	Bolivar (g) (1)	4.30
		9.87	Noth Antiles, Guilder New Zealand Dollar	1.80	Venezuela Bolivar (g) Venezuela Bolivar (d) Bolivar (d) Bolivar (d)	· 12.78
ı	Fr. C'ty in Af C.F.A. Franc	458,50	New Zealand Dollar	2.2075	, Bolivar (d)	12.70
ı	Fr. Guiana Franc	9.37	Nicaragua	10.00	Vientalia	100.548
- 1	Fr. Guiana	170,563 468,50	Niger Rp C.F.A Franc	600.00 458.50	Vietnam	1.00 1.00
- 1	Gamble	3.9417	Nigeria Neira	0.8906	******* O.O O.O. O	
ĺ	Germany (E) Ostmark (o)	3.9417 3.972	Norway Krone	8.8525	Yemen Mai Yemen PDR Dinar	7,35 0,545
- 1	Germany (W) Mark	3,072	Oman Suiranate of Rial	0.3466	Yemon PDR Dinar Yugoslavia Dinar	. 962.56
ı	Ghana Cedi (2)	58,00				
- 1	Gibraltar Pound	1,2685 135,50	Pakistan	15.9278 1.00	Zeire Rap Zaire	40.1285 2.2975
- 1	Greenland,	11.037	Papus N.G Kina	1.0111	Zambia	1.5504
j						
- 1						

n.a. Not available. (m) Market rate. 4 U.S. dollars per National Correnty unit. (a) Fraemarket central bank. (b) Freemarket interbank. (c) Commercial rate. (d) Freemarket. (e) Controlled. (f) Financial rate. (g) Preferential Rates. (h) Non-essential imports. (i) Floating tourist rate. (j) Venezuela: For debts incurred prior to Fabruary 1983. (2) Ghana: April 19. official devaluation of 5.5%. (3) Chile: 25 Feb, Paso devalued by 3%. (4) Equatorial Guinea: Dec 31. Currancy Johns Franc zone. (5) Jameica: Nov 8. Rate adjustment fixed by Central Bank bi-weekly auction. (6) Vietnem: Official devaluation of approx. 61%. (8) Malawi: April 2. Official devaluation of approx. 15%. For further information please contact your local branch of the Bank of America.

The Big Picture.



The big picture, above, is displayed on the ITT 9236 color display terminal.

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But the ITT 9236 is only part of the picture. The bigger picture is the whole 9000 series of display terminal products from ITT.

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and printers, to our ITT XTRA[®] Personal Computer.

It includes something else: a

variety of highly sophisticated technologies.

And that's the point we're trying to make, really.

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AtITT more and more of what we're doing today involves companies in high technology, or other

growing fields. In fact, as a matter of corporate strategy, we're concentrating our resources on such businesses.

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